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1 Introduction

1.1 Purpose and Application

This Manual governs the actions necessary for the acquisition, by purchase, lease or otherwise, of (i) goods, (ii) real property, (iii) construction and (iv) services by United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). This Manual also covers income-generating contracts, with income deriving from commercial arrangements for instance, catering contracts.

To enable easier reading, this Manual often simply refers to “goods and services”. Each of those references is to be interpreted to also include the other categories of procurement, e.g. construction and real property. Outside the scope of this Manual are:

a. Contracts with individuals for employment or personal, consultancy or other professional services;

b. Agreements with public international organizations, governments or non-governmental organizations, or private-sector entities which do not involve expending funds of the Agency;

c. Arrangements with banks and other financial institutions with regard to the Agency's bank accounts;

d. Agreements relating to the Provident Fund, including without limitation those relating to the management of the funds therein, which are within the purview of Organization Directive No. 28;

e. Agreements for voluntary contributions to the Agency, whether in cash (for instance from National Committees or in-kind). In-Kind Donations: UNRWA operations are financed almost entirely by voluntary contributions from Governments, International Organizations, Businesses, individuals, etc. These contributions come in form of cash donations or as in-kind donations. The handling of In-Kind Donations is covered by the UNRWA Guide on In Kind Donations and the UNRWA Standard Operating Procedures (SOP) for In-Kind Donations.

This Manual is expected to be applied with professional discretion and expertise by procurement practitioners involved in the procurement process in accordance with UNRWA’s Regulatory Framework. This Manual also guides requisitioners, members of evaluation committees and bid opening committees, Procurement Authorities, members of the Review Committees on Procurement, members of the Vendor Review Committee, contract managers, and any other involved stakeholders.

This Manual is divided into 15 chapters and follows the structure of the standardized table of contents for United Nations procurement manuals, as endorsed by the High-Level Committee
Management, Procurement Network (HLCM-PN) to harmonize procurement practices and increase collaboration among United Nations (UN) entities.

There are three overall sections:

- Chapters 1 to 3 cover, respectively: introduction, organization of procurement, and vendor registration and management.
- Chapters 4 to 13 cover the steps of the procurement process.
- Chapter 14 covers cooperation topics and
- Chapter 15 addresses cross-cutting topics, such as the United Nations Global Compact, emergency procurement procedures, and risk management.

Appendices B and C contain a list of acronyms and a glossary of terms where specific terms used in this Manual are defined and explained. In particular, the terms “vendor” and “supplier” are used interchangeably throughout the Manual.

1.2 Update and Maintenance

This Manual supersedes the UNRWA Procurement Manual (rev. from 2015). This Manual (rev. 2021) will be effective from 1 November 2021.

Chief, Central Support Services Division (CSSD) is responsible for regularly reviewing and updating this Procurement Manual. Changes to the Procurement Manual are cleared by DLA and approved by the Chief of Staff. The latest version of the Procurement Manual is available through the CSSD pages of the UNRWA intranet.

1.3 Regulatory Framework

The procurement framework is grounded in Article 5.2 (d) of the Financial Regulations and Organization Directive 10 (OD 10). In the event of inconsistency, ambiguity or potential contradiction between this Procurement Manual and other regulatory documents of the Agency, said documents shall prevail in the hierarchy described in OD1. With regard to procurement, the hierarchy of the regulatory documents is as follows:

- UNRWA Financial Regulations
- UNRWA Organization Directives, e.g. OD 10 (Procurement)
- UNRWA HQ instructions relevant to procurement, e.g. this Procurement Manual
- UNRWA HQ Circular Notes relevant to procurement

Standard Operating Procedures and all other documents relevant to procurement are guidance documents only.

Pursuant to OD10 the Chief, CSSD has the authority to establish the necessary controls and monitoring system. Chief, CSSD shall have the authority to require submission of reports by all
procurement officers and personnel holding delegated procurement authority at Headquarters and in the Field to fulfill this mandate.

This Procurement Manual supersedes all previous version of the Procurement Manual. With the publication of this Procurement Manual a set of updated templates, forms and procedures are also published on the UNRWA intranet.

Any question regarding the interpretation of this Manual shall be clarified by Chief, CSSD, who may consult with DLA as required. Questions of interpretation that cannot be resolved by the Chief, CSSD shall be decided by the Chief of Staff.

1.4 Procurement Principles

1.4.1 Overview. All procurement carried out by UNRWA must be guided by the following principles:
   a. Best value for money
   b. Fairness, integrity and transparency
   c. Effective competition
   d. The interest of UNRWA and the Palestine Refugees

In addition to these procurement principles, Procurement Officers must also ensure that the procurement actions they undertake are taken in a manner that always strives to meet the needs of the requisitioners (sometimes also referred to as internal client) in the most efficient and effective manner possible. Accordingly, client orientation and the adoption of a client service approach are key principles that must guide how Procurement Officers conduct and organize their daily work.

1.4.2 Best Value for Money. Best value for money is the trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria. The purpose of public procurement is to obtain the best value for money and to do this it is important to consider, among other factors, the optimum combination of the total cost of ownership (i.e. acquisition cost, cost of maintenance and running costs, disposal cost) of a purchase and its fitness for purpose (i.e. quality and ability to meet the contracting authority’s requirements). This definition allows the compilation of a procurement specification that includes social, economic and environmental policy objectives within the procurement process.

The above statement may not always mean selection of the lowest initial price option, but rather represents the best return on the investments, taking into consideration the evaluation criteria specified in the solicitation documents. It allows for an integrated assessment of technical, commercial, organizational, and pricing factors considering their relative importance, including social and environmental factors. Other sustainability and strategic objectives – which may include but are not limited to social considerations such as gender-responsive procurement or
inclusion of persons with disabilities – should also be considered where relevant and supporting a strategic objective of UNRWA.

In order to obtain best value for money, UNRWA personnel engaged in the procurement process should:

a. Maximize competition;

b. Plan the procurement process, anticipate the required time to complete the procurement process ahead of time, write clear specifications with effective and appropriate evaluation criteria which will facilitate the best outcome, develop a Source Selection Plan where relevant and adding value, etc.;

c. Carefully establish the evaluation criteria (in order to select the offer with the highest expectation to meet the stakeholders’ or end-users needs in accordance with the evaluation parameters set forth in the tender documents);

d. Consider all costs, e.g. whole life costs (including not only the purchasing price but also operation, maintenance and disposal costs), transportation costs, installation costs, maintenance costs, sustainable procurement considerations;

e. Ensure, whenever possible, that social and environmental benefits – such as, inter alia, impact on the environment, inclusion of persons with disabilities, gender-responsive considerations – are optimized and adverse impacts are minimized;

f. Ensure impartial and comprehensive evaluation of offers in a timely manner; and

g. Ensure selection of the contractor whose offer has the highest degree of realism and whose performance is expected to best meet the specified requirements at the lowest overall expense to the organization.

1.4.3 Fairness, Integrity, and Transparency. To achieve best value for money, the procurement process must protect the organization from proscribed practices, for example, fraud, corruption, collusion, and other unethical practices such as discrimination and harassment and others. The procurement process must be conducted based on clear and appropriate regulations, rules, and procedures that are applied consistently to all potential vendors. Further, the way the procurement process is undertaken must provide all internal and external stakeholders of the Agency with assurance that the process is fair, transparent and that integrity has been maintained.

Fairness must be maintained by the Agency and its personnel during the procurement process. This means, among other things, that we must offer equal opportunities to all bidders by, for example, 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 judgement.

To better understand ‘fairness’, one might look at its synonyms and related words, such as: just, equitable, impartial, unprejudiced, unbiased, objective, dispassionate. ‘Just’ stresses conformity
with what is legally or ethically right or proper. ‘Equitable’ implies justice dictated by reason, conscience, and a natural sense of what is fair. ‘Impartial’ emphasizes lack of favoritism. ‘Unprejudiced’ means without preconceived opinions or judgements. ‘Unbiased’ implies absence of a preference or partiality. ‘Objective’ implies detachment that permits impersonal observation and judgement. ‘Dispassionate’ means free from or unaffected by strong emotions.

The concept of integrity enshrined in the Charter of the United Nations embraces all aspects of behavior of a member of UN personnel, including such qualities as honesty, truthfulness, impartiality, neutrality, and incorruptibility. Integrity is when an individual exhibits probity in their actions. Probity means an individual has strong moral principles and honesty and decency as character traits. A person of integrity has a sense of honesty and truthfulness that is apparent in their professional and personal conduct. Such a person adheres to commonly accepted moral and ethical principles and is incorruptible; they do not abuse the authority given to them. Avoiding social and environmental malpractice is also a demonstration of integrity as it reduces the reputational risk and preserves the public image of UNRWA and its partners.

Transparency literally means that something is visible and evident to everyone and that nothing is hidden. By being transparent during the procurement process, we can demonstrate at any time to all stakeholders, internal and external, that fairness has been applied. Transparency also means that all information on procurement policies, procedures, opportunities, and processes are clearly defined, made public and/or provided to all interested parties concurrently. A transparent system has clear rules and mechanisms to ensure compliance with established rules (unbiased specifications; objective evaluation criteria; standard solicitation documents; equal information to all parties; confidentiality of offers, etc.). Among other things, records are open to inspection by mandated auditors, unsuccessful suppliers can be briefed on the strengths and weaknesses of their offers and contract information is disclosed publicly. Transparency ensures that any deviations from fair and equal treatment are detected very early in the process, making such deviations less likely and thus protecting the integrity of the process and the interests of the organization.

1.4.4 Effective Competition. Effective competition is achieved under the following conditions:

a. Sufficient number of independent prospective vendors invited;
b. Prospective contractors act independently of each other;
c. Competition for the same business opportunity occurs under the same conditions;
d. Response received to the procurement opportunity by a sufficient number of offers.

UNRWA procurement contracts are generally awarded on the basis of effective competition, unless exceptions to the use of formal methods of solicitation are justified (see for instance Section 6.8). To that end the competitive process shall include:

• Procurement planning for identifying appropriate procurement strategy and methodology;
• Identification of potential suppliers;
• No restriction of competition through over-specification, e.g. inclusion of unjustified or unrealistic requirements in specifications and/or terms of reference (TOR)/statement of work (SOW), or under-specification, e.g. omission of essential information in the specifications and/or TOR/SOW;
• Adequate notification must be given to the vendor community to ensure that there is sufficient time to participate in the procurement processes;
• Competition on as wide a geographic basis as is practicable and suited to market circumstances – open competition is the default method of solicitation at UNRWA;
• Every effort must be made to ensure competition and not to place restrictions on vendor eligibility;
• Consideration of prudent commercial practices;
• Economies of scale, i.e. quantity discounts, fewer resources invested and reduced administrative costs, can be achieved when procurement volumes for identical or similar requirements are consolidated in a single tender. The same may be achieved through the use of long-term agreements (LTAs).

1.4.5 The Interest of UNRWA and the Palestine Refugees. Undertaking procurement in the interest of UNRWA means carrying out procurement in a manner that best enables UNRWA to provide goods and services to the refugees, without compromising UNRWA’s procurement framework. The Awarding Authority shall apply professional judgement to safeguard the interest of UNRWA and the Palestine Refugees.

It also includes concepts such as maintaining the highest personal and institutional integrity, furthering the mandate of UNRWA to promote the wellbeing, human development and protection of Palestine Refugees, upholding the image and reputation of UNRWA, and promoting the public good as specified in the Charter of the United Nations in every aspect of UNRWA’s procurement operations. UNRWA also seeks to foster the development of local markets and, where possible, to support the local Palestinian economy.

The best interest of UNRWA can also enshrine other strategic and overarching objectives such as sustainable procurement (in particular consideration of environmental factors and social factors such as the inclusion of persons with disabilities, promotion of procurement from women-owned businesses or other considerations of gender-responsive procurement, etc.).

1.5 Ethical Standards

The discipline of ethics relates to concepts of right and wrong conduct, moral duty and obligation, moral principles and values, and to moral character. Most procurement related principles, i.e. fairness, integrity, and transparency, are based on ethics. As UNRWA undertakes procurement using funds entrusted to the organization, it is imperative that all activities conform to the highest
standards of ethical conduct. Every business unit and office of the Agency as well as all individuals acting on behalf of UNRWA must observe the highest standards of ethics throughout the procurement process.

This section addresses both the standards of ethical conduct required of UNRWA personnel involved in procurement as well as ethical standards required of its bidders and suppliers (including how to manage ethical breaches by suppliers and supplier conflict of interest).

UNRWA personnel involved in any action that is contrary to the UNRWA Regulatory Framework at large or the ethical standards laid out in this section may be held personally responsible and financially liable for the consequences of such actions.

1.5.1 Standards of Conduct for UNRWA personnel. All UNRWA personnel shall adhere to the highest standards of efficiency, competence, and integrity. UNRWA personnel shall refrain from any action that might reflect adversely on their position as personnel of UNRWA.

UNRWA personnel shall comply with the duties and responsibilities set out in the Charter of the United Nations, the United Nations Staff Regulations and Rules, the Standards of Conduct for the International Civil Service and with other relevant instruments in the UNRWA Regulatory Framework. Staff members and personnel are required to adhere to the UNRWA Anti-Fraud and Anti-Corruption policy.

UNRWA requires the same standards of conduct of all its personnel, regardless of their contractual modality (staff, individual service provider, daily paid worker, intern, volunteer, etc.) when working on UNRWA related activities, and equivalent standards of conduct of personnel working for an UNRWA contractor or partner.

In the case of UNRWA personnel involved in procurement activities, this translates into an obligation to maintain an unimpeachable standard of integrity in all business relationships, both inside and outside UNRWA. Ethical conduct shall apply in all dealings with UNRWA partners, donors, governments, beneficiaries, and the general public. Procurement officials must never use their authority or office for personal gain and must seek to uphold and enhance the standing of UNRWA.

1.5.1.1 Ethics versus Rules. Ethical conduct is an ongoing process of self-regulation and reflection at every stage of the procurement process. It is not possible to specify everything that UNRWA personnel need to know regarding what is allowed and what is prohibited; law is governed by rules, whereas ethics is based on the subjective appreciation of what is right and what is wrong assessed according to the values of the United Nations. Therefore, UNRWA personnel must seek to be guided as much by the spirit of the law, or other written requirements, as by the letter of the law; public procurement officials must be guided by what the rule is intended to accomplish.

For example:

a. Even if he/she has no financial interest in a particular bidder, a UNRWA personnel
evaluation team member may feel unable to participate in the evaluation process in an objective manner for other reasons, for instance due to financial interests family members or friends have in that particular bidder. In such a case, he/she should recuse him/herself from the process.

b. UNRWA personnel cannot disaggregate requisitions (i.e. split requirements into a series of smaller parts) if such disaggregation is made for the sole purpose of circumventing the review requirement or prevent a formal method of solicitation and thereby circumventing fair and effective competition.

c. Personnel shall not falsify any document created as part of the procurement process and, in particular, shall not change the content of a bid evaluation report without having the report signed again by the evaluation team members. This is always unethical, even where the individual believes that he/she has good reason to make the change.

1.5.1.2 Independence. UNRWA personnel shall not seek or receive instructions from any government or from any authority external to UNRWA other than the Commissioner-General or any person to whom the Commissioner-General has delegated authority to make decisions on matters affecting UNRWA.

In the context of procurement, UNRWA personnel can sometimes find themselves under pressure to carry out a process in a particular way. UNRWA personnel who are responsible for procurement are called upon to exercise special care in maintaining their independence. At times, they might receive instructions from the host country, donors, requisitioners or other stakeholders but this should not compromise their independence. If at any time they consider that such instructions threaten their independence, they must consult their supervisors or the Ethics Office.

1.5.1.3 Accountability. UNRWA personnel shall uphold the highest standards of efficiency, competence, and integrity, and shall be held accountable for their acts and omissions while serving with the Agency. UNRWA has a zero-tolerance policy regarding instances of misconduct in the priority areas of concern identified by the Agency (see Area and International Personnel Directive No 10 – Disciplinary Measures and Procedures), which currently includes Sexual Exploitation and Abuse (SEA); discrimination, harassment and abuse of power; violence, including against children; fraud, corruption, theft and misappropriation; breaches of neutrality; and unauthorized outside and/or political activities.

The proscribed practices described in Section 1.5.4.1 below apply, respectively, also to UNRWA personnel. UNRWA personnel found to engage in such practices may be subject to disciplinary action.

All individuals are responsible for the regularity of actions taken by them in the course of their official duties. Disciplinary or administrative actions shall be imposed on any UNRWA personnel failing to abide by the required standards of conduct. Managerial action may be imposed on
personnel to correct departures from the expected standards of conduct not amounting to misconduct, or to complete managerial or administrative actions.

1.5.1.4 Obligation to Report Suspected Wrongdoing / Whistleblower Protection. UNRWA personnel are under the duty to report any suspected misconduct by a colleague, including fraud. UNRWA personnel reporting in good faith any incident of suspected misconduct are entitled to protection from retaliation by the Ethics Office. More information on protection against retaliation is available on the UNRWA intranet.

1.5.1.5 Post-Service Restrictions. After leaving service with UNRWA, former UNRWA personnel (including those working in procurement or as requisitioners) must not:

- take improper advantage of their former official functions and positions, including through unauthorized use or distribution of privileged or confidential information;
- attempt to unduly influence the decisions of UNRWA in the interest or at the request of third parties with a view to seeking an opportunity to be employed by such third parties;
- use information to personal advantage that has not been made public and is known to them by virtue of their official position.

In addition, former UNRWA personnel who participated in the procurement process whilst working for UNRWA are subject to specific additional post-service restrictions, as follows:

1. For a period of one year following separation from service, former personnel who have participated in the procurement process for UNRWA before separation from service are prohibited from seeking or accepting service with, or otherwise accepting any form of compensation or financial benefit from, any UNRWA contractor or vendor of goods or services, regardless of location, which conducts business with UNRWA or seeks to do so and with whom such personnel have been personally involved in the procurement process during the last three years of service with UNRWA.

2. For a period of two years following separation from service, former personnel who have participated in the procurement process for UNRWA before separation from service are prohibited from knowingly communicating with, or appearing before, any UNRWA personnel or unit of UNRWA on behalf of any third party on any particular matters that were under their official responsibility relating to the procurement process during the last three years of their service with UNRWA.

All breaches of the post-service restrictions described above will be dealt with in accordance with the UNRWA Regulatory Framework, and may include recording the breach on the former UNRWA personnel’s official status file. Respectively, if vendors engage in such practice, the vendors may be sanctioned further to the provisions in section 1.5.4.1 Proscribed practices by suppliers and vendor sanctions.
1.5.1.6 Ethics Office. The Ethics Office can be approached directly by any UNRWA personnel, regardless of their contractual modality, for confidential advice and guidance on ethical issues and ethical dilemmas.

1.5.2 Ethics in Dealing with Vendors. All UNRWA personnel must mitigate the risks of conflicts of interest, fraud, and corrupt practices at all stages of the procurement process. To do so, they must implement measures to identify conflicts of interest, fraudulent and corrupt practices, and deploy appropriate responses to prevent these improprieties.

Personnel involved in procurement processes are responsible for protecting the integrity of the procurement process and maintaining fairness in UNRWA’s treatment of all vendors. All UNRWA personnel, and others, involved in the procurement process on behalf of the Organization shall abide by the following standards of conduct:

- During the pre-solicitation phase, suppliers must not be allowed access to specific, privileged information on a particular acquisition before such information is available to the business community at large;
- During the solicitation phase, all suppliers must receive identical information. Any clarifications to the solicitation documents must be provided at approximately the same time, in writing, to all suppliers;
- Specifications must not include conditions limiting competition, e.g. branding unless required for standardization purposes, nor be unnecessarily restrictive, as this may discourage competition;
- When UNRWA obtains support in developing specifications from third parties, those third parties as well as their affiliates are excluded from participating in the procurement process. A vendor that has been involved in developing, reviewing, or editing the specifications cannot participate in the procurement process. If a vendor does submit an offer during the solicitation stage, this is a proscribed practice. The bid must be disqualified and the vendor may also be subject to a sanction by the Vendor Review Committee.
- Evaluation criteria must be objective and fair and be applied uniformly to all offers in the same manner; evaluation criteria must never be changed after the solicitation documents have been published;
- Personnel having a personal or financial interest in a vendor invited to participate in a limited competition or responding to a solicitation are prohibited from any involvement in the procurement process;
- During the evaluation, the evaluation criteria specified in the solicitation documents must be followed and must be applied in the same manner to each evaluated offer. Under no circumstances can new or revised evaluation criteria be introduced during the evaluation of offers nor can the method of evaluation be changed from that set out in the solicitation
documents;

- Personnel shall not solicit or accept, directly or indirectly any promise of future employment from anyone who has sought or is seeking to obtain UNRWA business.

1.5.3 Conflicts of Interest. A conflict of interest occurs when the personal interests of UNRWA personnel, such as outside activities or relationships or personal financial interests, interfere or appear to interfere with the proper performance of his or her official duties or responsibilities or with the integrity, independence and impartiality required by the individual’s status as UNRWA personnel. UNRWA personnel involved in procurement activities must be aware of the following:

- Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets; political or other outside activities and affiliations while in the service of UNRWA; employment after leaving UNRWA service; or the receipt of a gift or other benefit that may place UNRWA personnel in a position of obligation;

- A conflict of interest also includes the use of UNRWA assets, including human, financial and material assets, or the use of a UNRWA office or knowledge gained from official functions for private gain or to prejudice the position of someone not favored by UNRWA personnel;

- A conflict of interest may also arise where UNRWA personnel are seen to benefit, directly or indirectly, or allow a third party, including family, friends or someone they favor to benefit from UNRWA personnel decisions;

- There is nothing wrong per se with having a conflict of interest or being perceived as having a conflict of interest. However, it is important that this conflict of interest or perceived conflict of interest is disclosed and not kept secret and that those who have or are perceived to have a conflict of interest withdraw from the process or activity;

- If any UNRWA personnel believe they have a conflict of interest, it must be promptly and fully disclosed to the UNRWA Ethics Office. The individual must then refrain from any participation in the matter until the Ethics Office has resolved the conflict;

- After full disclosure to those concerned, it may be determined that despite the conflict, UNRWA interests remain best served by the participation of the individual.

1.5.3.1. Gifts and Hospitality. In accordance with International and Area Staff Regulation 1.6 and the General Staff Circular 03/2008 (Standard of conduct for UNRWA staff members regarding acceptance of favours, gifts or remuneration), which is available on the UNRWA intranet, staff members shall not accept gratuities or favors of any kind from bidders, vendors or individuals doing or seeking to do business with the Agency. No staff member involved in any aspect of the procurement process (this includes, for instance, requisitioners, members of the technical evaluation team, tender opening committee, contract managers, Awarding Authority, and others) may accept any gift from any outside source that is soliciting business with UNRWA, regardless of the value. All staff members involved in procurement shall decline offers of gifts,
including drinks, meals, tickets, hospitality, transportation, or any other form of benefits, even if it is in association with an “official working visit”. Any gifts offered must be returned by the recipient and the vendor must be informed that UNRWA personnel are not allowed to accept gifts. If the refusal of an unexpected honour, decoration, favour, or gift from a Government would cause embarrassment to the Agency, the staff member may receive it on behalf of the Organization and then report and entrust it to the Commissioner General. The Commissioner General either retain it for the Organization or arrange for its disposal for the benefit of the Agency or for a charitable purpose.

A sample letter to return the gift to the vendor is available on the UNRWA intranet. The Ethics Office can also advise on what to do if a gift is sent directly to the office and it is unclear how to return it.

UNRWA personnel found in breach of the provisions in this section may be subject to disciplinary action.

In the event of any question, concern or feedback regarding the application of the restrictions set forth above, the matter shall be brought to the attention of the Chief, CSSD or the Chief, Ethics Office.

1.5.3.2. **Outside Activities.** UNRWA personnel are subject to restrictions on their ability to engage in outside activities, regardless of whether the activity is paid or if the activity is related to the work of UNRWA. Approval has to be obtained from the Field Office Director or Director of Human Resources for Area Staff and from the Chief of Staff for international Staff. Approval is often subject to conditions in order to mitigate any conflict of interest (which is particularly important for personnel involved in procurement).

1.5.3.3. **Obligation to disclose any conflict of interest.** UNRWA has adopted a policy on the periodic making of financial declaration and disclosure of interest statements by certain categories of UNRWA personnel, including personnel involved in procurement actions. This process is managed by the Ethics Office. All UNRWA personnel have the obligation to promptly disclose any actual or potential conflicts of interest, regardless of whether they come within the categories of personnel required to submit a periodic statement. Procurement and other personnel subject to the obligation to make an annual filing must proactively disclose any actual or potential conflict of interest and not wait until the next filing cycle.

More information on financial and outside interest disclosure is available on the UNRWA intranet.

1.5.4 **Ethical Behavior of Vendors.** UNRWA vendors are required to comply with the United Nations Supplier Code of Conduct, which reflects the core values outlined in the Charter of the United Nations. As such, an acknowledgment of the United Nations Supplier Code of Conduct is a requirement to register as a vendor in the United Nations Global Marketplace (UNGM). The United Nations Supplier Code of Conduct includes principles of the United Nations Global
Compact on Labour, Human Rights, Environment and Ethical Conduct, and sets the minimum requirements expected by vendors across their supply chain.

Vendors have the obligation to comply with the UNRWA General Conditions of Contracts, which contain specific prohibitions on anti-personnel mines, child labor, sexual exploitation and abuse, and the financing of terrorism. The General Conditions of Contracts form an integral part of every contract between UNRWA and a vendor.

The demand for ethical behavior applies to all suppliers providing goods, services or works to the United Nations around the world. UNRWA expects its suppliers to embrace and advance the principles of social and environmental sustainability and reserves the right to refuse entering into business with suppliers that have proven records of misconduct in their social and/or environmental practices. Similarly, UNRWA expects its suppliers to abide to minimum mandatory social and environmental standards, to strive for continuous improvement and to respect more advanced social and environmental requirements as set forth into tender requirements.

1.5.4.1. Proscribed practices by vendors. UNRWA aims to meet the highest standards of integrity and competency and demands no less from its vendors. UNRWA shall impose sanctions on vendors that have engaged or attempted to engage in proscribed practices. This UNRWA policy is based on and aligned with the Model Policy Framework (MPF) for agencies of the UN System adopted by the High-Level Committee on Management Procurement Network, a framework that enables UNRWA to cooperate with agencies in order to ensure consistent treatment of vendors and reciprocity within the UN System.

Proscribed practices include:

- **Corrupt practice**: is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

- **Fraudulent practice**: is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

- **Coercive practice**: is an act or omission that impairs or harms, or threatens to impair or harm, directly or indirectly, any party or the property of the party to improperly influence the actions of a party;

- **Collusive practice**: is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party. Examples of collusive practices include bid rotation, market division, and others.

- **Obstruction**: Acts or omissions by a vendor that prevent or hinder UNRWA from investigating instances of possible proscribed practices.

- **Unethical practice**: Conduct or behavior that is contrary to the conflict of interest, gifts and hospitality, post-employment provisions or other published requirements of doing business with UNRWA.
• Proscribed practices also include any conduct or action that contravenes the contractual prohibitions on mines, child labor, sexual exploitation and abuse, harassment, the fundamental rights of workers, and other principles and practices as contained in the United Nations Supplier Code of Conduct.

UNRWA has established a Vendor Review Committee (VRC) tasked with making recommendations to the Chief, CSSD regarding possible sanctions against vendors that have been found to have engaged or attempted to engage in proscribed practices.

A sanction is an administrative determination determined and applied by UNRWA as a result of a vendor engaging in proscribed practices. The Chief, CSSD may impose any of the following sanctions or a combination of them:

• Censure: A letter of reprimand of the respondent’s conduct. Censure does not affect the respondent’s eligibility, but its existence will be an aggravating factor for imposing sanctions in future proceedings;

• Ineligibility or Debarment: Formal declaration that a respondent(s) has become ineligible for a period of time to be awarded and/or to partake in UNRWA contracts, conduct new business with UNRWA as agent or representative of other vendors and to partake in having discussions with UNRWA regarding new contracts. Exceptionally, the VRC may recommend that the respondent’s debarment be permanent;

• Other Sanctions: The VRC may recommend other sanctions that it finds appropriate to the circumstances at hand, including the application of contractual remedies (subject to DLA advice) or stipulating special conditions for future business opportunities / contracts.

UNRWA personnel have a duty to report in good faith to the Chairperson (Head of Policy Compliance and Monitoring Section of CSSD) all allegations or concerns of proscribed practices by a vendor or UNRWA personnel. Upon receipt of such notification, the Chairperson or Secretary shall submit the allegations to DIOS for a preliminary assessment. UNRWA personnel may also report the matter directly to DIOS.

More details on the Vendor Review Committee are contained in the SOP on the VRC which is available on the UNRWA intranet.

1.5.4.3 Supplier conflict of interest. UNRWA requires that a bidder or vendor participating in a procurement process shall not have a conflict of interest, so as to avoid any distortion of competition and to ensure fairness of the process. A supplier shall be considered to have a conflict of interest in a procurement process if:

• A supplier (including its personnel) has a close business or family relationship with UNRWA personnel who: (i) are directly or indirectly involved in the preparation of the bidding documents or specifications of the contract, and/or the bid evaluation process of such contract; or (ii) would be involved in the implementation or supervision of such contract;
• A supplier is associated, or has been associated in the past, directly or indirectly, with a firm or any of its affiliates which have been engaged by UNRWA to provide consulting services for the preparation of the design, specifications, and other documents to be used for the procurement of the goods, services or works required in the present procurement process;

• A supplier has an interest in other suppliers bidding for the same procurement activity, including when they have common ownership and/or management. Suppliers shall not submit more than one bid, except for alternative offers, if permitted. This will result in the disqualification of all bids in which the supplier is involved. This also includes the situation where a firm is the main bidder in one bid and at the same time a sub-contractor in the bid of another firm. Both offers must be disqualified in this case.

• A supplier does not comply with any other conflict of interest situation relevant to the specific procurement process as specified in the solicitation document.

Suppliers must disclose any actual or potential conflict of interest in their bid submissions and they shall be deemed ineligible for that procurement unless the conflict of interest is resolved in a manner acceptable to UNRWA. Such decision shall be made by the Awarding Authority upon consultation with the requisitioner and the Ethics Office, if necessary. Failure to disclose any actual or potential conflict of interest may lead to the supplier being sanctioned further to provisions above.

Personnel who become aware that the procurement process might have been subject to a proscribed practice, either by an action from a vendor or an action by UNRWA personnel, must report the matter in accordance with relevant processes (i.e. either as a misconduct allegation or proscribed practice allegation). For misconduct allegations, please refer to General Staff Circular No. 05/2007. For proscribed practices, follow the SOP on Vendor Review Committee. Both of these documents are on the UNRWA intranet.
2 Organisation of Procurement

2.1 Overview of Procurement Process

Procurement is the acquisition of property, plant and/or equipment, goods, works or services through purchase, hire, lease, rental or exchange. Procurement is one aspect of supply chain management and its key goal is to ensure timely delivery of goods, services or works to the end user at the right time, price, quality, quantity and place in order to deliver best value for money.

Works refer to all activities associated with the construction, reconstruction, demolition, repair or renovation of infrastructure or activities such as site preparation, excavation, erection, building, installation of equipment or materials, decoration and finishing, as well as services incidental to construction such as exploratory drilling, mapping, satellite photography, seismic investigations and similar services.

Sustainable procurement is defined as those practices that integrate requirements, specifications and criteria that are compatible and in favor of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs. Sustainable procurement can also include social considerations such as inclusion of persons with disabilities, promotion of purchasing from disability-inclusive suppliers or purchasing from women-owned businesses. Guidance on how to incorporate considerations of sustainable procurement into the procurement process at its various stages have been embedded throughout the manual where relevant.

The UNRWA procurement process follows the ten steps in a typical procurement process in the following order and sequence:

1. Procurement strategy and planning (Chapter 4)
2. Sourcing (Chapter 5)
3. Solicitation (Chapter 6)
4. Management of submissions (Chapter 7)
5. Evaluation of submissions (Chapter 8)
6. Procurement process review and recommendation (Chapter 9)
7. Award of contract (Chapter 10)
8. Contracting (Chapter 11)
9. Logistics (Chapter 12)
10. Contract management (Chapter 13)
This Manual describes in detail the procurement activities associated with each of these steps. Figure 1 shows a graphical representation of the procurement process including example of typical key input and output documents.

![Diagram of the procurement process]

**Figure 1:** Overview of the procurement process with typical inputs and outputs

### 2.2 Responsibilities of Organisational Units and Key Roles in Procurement

The UNRWA procurement framework comprises of a number of different roles:

**Commissioner General and Deputy Commissioner General:** Overall oversight of UNRWA procurement activities rests with the Commissioner General, who has delegated authority to the Deputy Commissioner General (DCG). The DCG may in turn further delegate part of this authority to relevant UNRWA personnel to ensure efficacy and efficiency of UNRWA procurement activities;

**CSSD:** Under the authority of its Chief, CSSD is responsible for:

- Enabling the organization’s procurement in a transparent, accountable and efficient manner in order to execute the Agency’s mandate and strategy;
• Establishing and maintain instructions, procedures, processes, control mechanisms, and supporting guidance on procurement activities;
• Ensuring that the above instructions, processes and tools are being complied with by the units responsible for implementation of UNRWA operations, achieve the intended outcomes, and if not, assess why and make any required changes;
• Enabling the operationalization and managerial oversight of UNRWA procurement activities through appropriate systems and reports;
• Strengthening the knowledge, skills and career development of procurement practitioners, including through setting standards for internal and external certification;
• Providing guidance on skills, education and experience for personnel profiles to facilitate recruitment and rostering of procurement profiles;
• Maintaining the list of UNRWA personnel holding a delegation of authority (DOA) in procurement;
• Establishing grievance mechanisms to address complaints from or against vendors;
• Establishing the requirements for vendor registration and for background checks/due diligence;
• Hosting the secretariat of the Vendor Review Committee (VRC);
• Developing procurement plans and establish long-term agreements to be used agency-wide as appropriate;
• Carrying out procurement activities for HQ and agency-wide needs as well as for the Jordan Field Office and other field offices on a case-by-case basis.

More details on the responsibilities and mandates of CSSD and Field Procurement and Logistics Offices are contained in Section 2.3 below.

**Awarding Authority:** The Deputy Commissioner General appoints committing officer(s) for procurement activities and shall establish the authority and responsibility of those committing officers. These are referred to as Awarding Authorities. See Section 2.4 **Error! Reference source not found.** below for further details.

**Procurement Review Committee (HCP, LCP):** A Headquarters Committee on Procurement, which is established at HQ, as well as Local Committees on Procurement in Lebanon, Syria Arab Republic, West Bank and Gaza Field Offices are established to advise Awarding Authorities with respect to procurement and other activities. For the Jordan Field Office, there is no Local Committee on Procurement, since all cases are reviewed by the Headquarters Committee on Procurement. Chapter 9 contains further details on the procurement review committees, including their scope of review and monetary thresholds.
**Requisitioner:** The person or personnel initiating a purchase requisition, i.e. a request for goods, works or services. The responsibilities of a requisitioner in a procurement process (some of these can be delegated to other personnel) include:

- Assess and confirm availability of funds for the proposed procurement action;
- Preparing the procurement plan of the project, ensuring that proposed expenditures are in accordance with the purpose of the project;
- Drafting the requirements definitions and related technical evaluation criteria;
- Amending the requirements definition after the review of the Procurement Officer, e.g. by considering sustainability criteria such as accessibility or inclusion of persons with disabilities, gender-responsive considerations or others;
- Technically evaluating the submissions received as per the pre-established technical evaluation criteria, if serving on the evaluation team (which would regularly be the case);
- Leading contract management duties, e.g. conducting supplier performance evaluations, timely request for amendments to the Procurement Officer, anticipation of future needs for contract extensions or re-solicitation, ensuring that the final invoice is certified and paid as appropriate, there are no outstanding disputes with the vendor, etc.

**Procurement Officer:** In previous version of this Manual, this role was also referred to as Sponsoring Officer. This is the individual or personnel responsible for a specific procurement transaction who will undertake all activities necessary for the procurement of goods, works, or services in accordance with the applicable regulations, rules, policies, and procedures. Other terms which are commonly used as synonyms include procurer, procurement official, supply staff, and others.

- Defining solicitation strategies in collaboration with the requisitioner;
- Reviewing the requirements and evaluation criteria and ensuring that they are appropriate from a procurement perspective;
- Leading the sourcing process and conducting supply market analysis, including issuing Requests for Expression of Interest (REOI) as necessary;
- Developing pricing structures and commercial evaluation models, in consultation with requisitioner as necessary, that allow for transparency in costs and effective competition;
- Determining the best procurement approach and solicitation method, e.g. open competition;
- Preparing solicitation documents, as well as facilitating and managing the solicitation process;
- Reviewing the technical evaluation to ensure that it was conducted in accordance with the pre-established technical evaluation criteria and that the narrative of the report corresponds with the matrix and the scoring/rating;
• Carrying out the commercial evaluation of bids;
• Preparing the recommendation for an award and submitting the case to the relevant procurement review committee, if applicable, in concurrence with the requisitioner;
• Preparing and issuing contracts and purchase orders;
• Requesting and ensuring the safeguarding and return of any performance securities, as applicable;
• Performing contract administration duties in coordination with the requisitioner and staff responsible for contract management, as applicable, in support of the requisitioner;
• Performing contract closeout activities such as ensuring that all documents have been properly filed;
• Filing of all documents relevant to the procurement action, ensuring an audit trail is maintained. That includes technical evaluations, any correspondence and approvals by the relevant review and awarding authorities (see Section 2.7 for more details).

2.3 Organisation and Responsibility of the UNRWA Procurement Function

Overall responsibility for procurement and implementation of this Manual lies with the Chief, CSSD. Chief, CSSD is responsible for proposing and implementing procurement policy and establishing procedures, providing advice and guidance to other UNRWA offices regarding procurement policies and procedures, interpreting the provisions of this Manual and approving exceptions to standard procedures in accordance with this Manual or as appropriate.

Chief, CSSD, in conjunction with the Heads, Field Procurement and Logistics Offices (Head, FPLO), shall provide the procurement services, expertise and support necessary to fulfill the Agency’s mandate and create an environment conducive to best practices procurement.

• **Headquarters Procurement & Jordan Field Office Procurement.** CSSD shall undertake Headquarters, Agency-wide, and Jordan Field Office procurement beyond the applicable Low Value Procurement threshold. CSSD may, depending on the need, also conduct procurement cases on behalf of other field offices which would be determined on a case-by-case basis.

• **Field Procurement.** FPLO shall undertake Field Office procurement beyond the applicable Low Value Procurement threshold, except for Jordan Field Office which procurement actions are undertaken by CSSD at HQ. Such procurement actions will be undertaken on the basis of a formal requisition. Field Offices may also support each other in undertaking procurement activities.
2.4 Awarding Authority

In this manual, UNRWA personnel who have been formally delegated authority for procurement and have thus been designated the role of Procurement Authority are referred to as an Awarding Authority. Awarding Authority only have procurement authority if they have a valid and written delegation of authority (DOA) for procurement as per the UNRWA DOA template. This applies for procurement transactions of any monetary value. In particular, also procurement transactions under the low value procurement threshold require the approval of an Awarding Authority.

The Awarding Authority must exercise her/his duties and responsibilities under their designated DOA with utmost care, efficiency, impartiality and integrity. The Awarding Authority bears ultimate accountability for the procurement activities approved under the delegated authority. Only a person who holds a valid Delegation of Authority can enter into contracts with vendors on behalf of UNRWA.

Prior to any commitment being made, an Awarding Authority must ensure that:

(1) The procurement activity strictly complies with all requirements set out in the UNRWA regulatory instruments related to procurement (including UNRWA Financial Regulations, OD10 and this Procurement Manual).

(2) Sufficient funds are available for the commitment.

At UNRWA, delegations of authority are organized by levels. This means that an Awarding Authority can approve a certain procurement activity up to a certain monetary threshold depending on the level assigned to them. The following table provides an overview over the key activities in the procurement process which require approval by an Awarding Authority and the applicable monetary thresholds per level of delegated procurement authority. The table shows values up to which a person in a given position or grade level can be delegated procurement authority. Actual values of delegated procurement authority may be lower and will be specific in the letter of delegation of authority.

The below table does not provide a comprehensive overview over all rights and obligations of the Awarding Authority but rather only presents key actions in the procurement process. Additional responsibilities of the Awarding Authority in the procurement process are described throughout this manual.

The below table does not present the review requirements by a procurement review committee which may be mandatory. Please refer to Section 9.4 for more details when review by a procurement review committee (LCP, HCP) is required.
Table 1: Procurement Delegation of Authority matrix

<table>
<thead>
<tr>
<th>Procurement activity</th>
<th>LEVEL 1 (Grade 12)</th>
<th>LEVEL 2 (Grade 14)</th>
<th>LEVEL 3 (P-3 / Grade 16, Grade 17)</th>
<th>LEVEL 4 (P-4 / Grade 18)</th>
<th>LEVEL 5 (P-5 / Grade 20 / Dep. FOD (Ops))</th>
<th>LEVEL 6 (All FOD, COS)</th>
<th>LEVEL 7 (CG, Dep. CG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Award contracts further to the use of formal methods of solicitation and RFQs</td>
<td>USD 10,000</td>
<td>USD 20,000</td>
<td>USD 60,000</td>
<td>USD 150,000</td>
<td>USD 500,000</td>
<td>unlimited</td>
<td>unlimited</td>
</tr>
<tr>
<td>• Award contracts based on UN cooperation</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>USD 60,000</td>
<td>USD 500,000</td>
<td>unlimited</td>
<td>unlimited</td>
</tr>
<tr>
<td>• Award contracts further to the use of exceptions to formal methods of solicitation (other than UN cooperation and RFQs)</td>
<td>USD 10,000</td>
<td>USD 20,000</td>
<td>USD 60,000</td>
<td>USD 150,000</td>
<td>unlimited</td>
<td>unlimited</td>
<td>unlimited</td>
</tr>
<tr>
<td>• Approve Source Selection Plans and waivers of competitive bidding</td>
<td>USD 10,000</td>
<td>USD 20,000</td>
<td>USD 60,000</td>
<td>USD 150,000</td>
<td>unlimited</td>
<td>unlimited</td>
<td>unlimited</td>
</tr>
<tr>
<td>• Approve shortlists</td>
<td>USD 10,000</td>
<td>USD 20,000</td>
<td>USD 60,000</td>
<td>USD 150,000</td>
<td>unlimited</td>
<td>unlimited</td>
<td>unlimited</td>
</tr>
<tr>
<td>• Approve solicitation documents</td>
<td>USD 10,000</td>
<td>USD 20,000</td>
<td>USD 60,000</td>
<td>USD 150,000</td>
<td>unlimited</td>
<td>unlimited</td>
<td>unlimited</td>
</tr>
<tr>
<td>• Approve call-off orders on established LTAs</td>
<td>USD 10,000</td>
<td>USD 20,000</td>
<td>USD 60,000</td>
<td>USD 150,000</td>
<td>unlimited</td>
<td>unlimited</td>
<td>unlimited</td>
</tr>
</tbody>
</table>

2.5 Delegation of Procurement Authority

The DCG may further delegate his/her procurement authority to other UNRWA personnel, suitably qualified and experienced, to conduct specific procurement transactions and award resulting contracts. The Awarding Authority becomes personally accountable for the actions and potentially liable for errors and misconduct when exercising such delegated authority.

The Chief, CSSD may further delegate his/her procurement authority to other CSSD personnel. The Chief, CSSD may also delegate his/her procurement authority under the low value procurement threshold to HQ units.
The FODs may further delegate their respective procurement authority to other UNRWA personnel in the same field office.

Delegation of procurement authority is effected only by way of an internal memorandum duly signed by both the delegator and the delegatee, prior to exercise of any part or whole of such authority by a delegatee, which is based on the UNRWA DOA template.

DOA may be further sub-delegated only if this is explicitly granted in the DOA memorandum and within the limit of the delegated authority, and both the delegator and the delegate shall duly maintain a copy of a valid and written delegation of authority letter based on the UNRWA DOA template as described in the previous paragraph.

2.6 Segregation of Duties

Segregation of duties is an internal control mechanism used to assure that no single individual or organizational unit is given responsibility for more than one related function or role in the procurement process. For each procurement, the roles of Requisitioner, Procurement Officer, Awarding Authority, and payer of invoices should be separated.\(^1\) For very small offices, where it might not be possible to establish a complete separation of all the functions, any deviation shall be properly documented and justified in the procurement file. At a minimum, three individuals who are not in a direct reporting line with each other, need be involved in any procurement process and the separation of the roles of requisitioner and procurement officer must always be upheld.

The following segregation of duties should also be adhered to, where feasible:

- Receipt and opening of offers for formal solicitation exercises must include at least one personnel that has no involvement in the subsequent stages of the procurement process.
- The evaluation team is formed as per Section 8.2.
- The Awarding Authority shall not award contracts or purchase orders or amendments thereto in instances where the Awarding Authority has directly and personally conducted the procurement process (e.g. if the Awarding Authority has been part of the evaluation team). In such cases, all contract documents, purchase orders, or amendments thereto, must be referred to another Awarding Authority with a valid DOA and the right level of authority. Notwithstanding the above, Awarding Authorities may exercise the remaining delegated authorities (e.g. approve short lists, sign solicitation documents) in instances where they have undertaken the procurement process.

For some procuring units and, in particular, small offices, it might not be possible to establish the required separation of the aforementioned functions.

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\(^1\) For procurement under the Low Value Procurement threshold, the requisitioner effectively also assumes the role of the Procurement Officer.
2.7 Filing and record-keeping

In order to fulfill the procurement principles of transparency and accountability, to facilitate audits, to document performance in the event of disputes, to enable effective review by the procurement review committee (HCP, LCP) and also simply to be effective as a procurement official at UNRWA, the Procurement Officer shall document every step in the procurement process in a procurement case file. Procurement case files can be either electronic or paper-based and electronic systems such as e-tendering systems can be used as a repository for such files as appropriate. Procurement case files are to be kept not less than 5 years after the year of contract closure unless the donor requires a longer retention period.

Typically, procurement case files will include the following documentation (as applicable to the specific procurement case) and in original form (when applicable):

- Procurement Requisition
- Requirement definition (notes, correspondence, communication with requisitioner, justification if brand name is used etc.)
- Source Selection Plan (SSP)
- Solicitation documents, including attachments such as specifications/terms of reference (TOR)/statement of work (SOW)/design documents/returnable schedules for works and proof of issuance (copies of cover letters, copies of emails, etc.)
- Amendments to solicitation documents (including Awarding Authority approval of amendments), and any other clarifications and correspondence with vendors
- Bid opening report
- All offers received (technical, financial, compliant and non-compliant)
- Copies of any bid security received from the vendor (originals to be kept in a safe)
- Evaluation report and table
- Minutes of clarifications (if any) and relevant communication with vendor
- Request for award, or submission to procurement review committee, signed minutes of the procurement review committee
- Bid protests by bidders
- Critical correspondence with bidders (e.g. emails, meeting minutes, phone calls) regarding the procurement process and management of the contract
- Contract or Purchase Order
- Amendments to contracts or Purchase Order
- Any required progress reports and/or other proof of delivery of milestones as provided for in the contract
- Insurance claims
- Vendor performance evaluation form
3 Vendor Registration and Management

3.1 Vendor Registration

Vendor registration at UNRWA is carried out in the United Nations Global Marketplace (UNGM) and the ERP system (REACH). The UNGM is the procurement portal of the United Nations system. It brings together United Nations procurement personnel and the vendor community. The UNGM acts as a single window, through which vendors register with the United Nations organizations, including UNRWA, using the UNGM as their vendor roster.

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

All UNRWA personnel may register as users of UNGM at www.ungm.org and have access to the UNGM database of potential vendors registered with any United Nations organization. UNGM offers updated data on companies including contact details, financial information, export volume, previous United Nations experience and registered products/services and is a valuable sourcing tool (see also Chapter 5).

Registration in REACH is required for all vendors doing business with UNRWA. No financial commitment shall be made by UNRWA with a vendor unless duly registered in REACH.

Registration with UNGM at Level 1 is encouraged for all vendors wishing to conduct business with UNRWA. Registration of vendors with UNGM is particularly important as it enables the Procurement Officer to check whether a vendor is ineligible for doing business with the United Nations including UNRWA. This is due to the functionality the “Ineligibility list” on the UNGM provides.

For vendors which do not have the technical means to register in UNGM, the UNGM has implemented an assisted vendor registration functionality that allows UNRWA procurement personnel to add local vendors to the UNGM.

Vendors applying to be registered with UNRWA must meet a number of minimum requirements:

1. They must be a legal entity (e.g. proven by means of Certificate of Incorporation, Tax Certification, etc.)
2. They must comply with the UN Supplier Code of Conduct.
3. They must not have engaged in unethical, unprofessional or fraudulent activities, or be suspended, debarred, or otherwise identified as ineligible by any UN Organization or the World Bank for a reason related to unethical behavior. In addition, a vendor must not be, or associated with, a company or individual identified in the Consolidated UN Security Council Sanctions List.
Ongoing efforts shall be made to identify potential vendors by identifying new vendors of goods, services or works of interest to UNRWA through, among other things, regular market research exercises, engagement in inter-agency business seminars or other means.

The UNRWA Standard Operating Procedures for Vendor Registration in REACH provides more details on the vendor registration process in REACH and is available on the UNRWA intranet. More information on the vendor registration process in UNGM is available on the UNGM.

3.2 Vendor Management

3.2.1. Vendor Appraisal. Before entering into a contract with a vendor, UNRWA must be satisfied that the vendor is eligible for the award of UNRWA business and has the capacity to perform the contract satisfactorily. This is achieved by evaluating a number of technical and commercial (financial) requirements as they are laid out in the respective solicitation documents. This step is covered in detail in Chapter 8.

3.2.2. Vendor Performance Evaluation. The performance of a vendor should be evaluated on an ongoing basis in order to promote economical and efficient procurement and ensure that UNRWA achieves best value for money. Vendor performance evaluation is covered in Section 13.2.

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

3.2.3. Vendor Relationship Management. It is important that UNRWA maintains strong, beneficial and lasting relationships with vendors. This will enhance the ability of UNRWA to achieve the objectives of achieving best value for money and to deliver effective and efficient programs. Relationships with vendors should be managed with a view to

- Promoting fair and open competition;
- Ensuring timely and cost-effective contract performance, in accordance with the agreed terms and conditions;
- Operating in line with established business practices;
- Drawing on examples of world-class procurement practice;
- Enhancing the profile of UNRWA as a reliable and attractive business partner, and
- Developing a strong and diverse vendor base.

3.3 Vendor Ineligibility

3.3.1 Ineligibility of vendors. It is critical that the Agency only engages with vendors who are not deemed ineligible to do business with UNRWA or any other UN entity. The Agency shall reject requests for vendor registration as well as offers from vendors and may declare as ineligible any
registered vendor (including its board of directors, principals and/or personnel individually) or remove or suspend any registered vendor (including its board of directors, principals and/or personnel individually) from its vendor list, indefinitely or for a stated period of time, based on one or more of the following grounds:

a. A failure to abide by the UN Supplier Code of Conduct.

b. Abusive, unethical or unprofessional conduct, including collusive bidding and anti-competitive conduct, corrupt practices and submission of false information or any other documented or compelling proof of misconduct.

c. The vendor has engaged in criminal or fraudulent activity or engaged in any other proscribed practice.

d. A criminal conviction or civil judgment has been issued against a vendor indicating a lack of business integrity or business honesty.

e. The vendor has a history of litigation with UNRWA or any other UN entity.

f. The vendor has undertaken any other action that is so serious or compelling in nature that it could result in harm to UNRWA’s reputation or image.

g. A company is owned, managed, or substantially controlled by a former UNRWA personnel dismissed for misconduct (including, but not limited to sexual exploitation or abuse, fraud, corruption and other financial misconduct).

h. A company uses or plans to use any former UNRWA personnel dismissed for disciplinary reasons or proscribed practices (including, but not limited to sexual exploitation or abuse) in the performance of a contract with UNRWA.

i. The vendor includes in the performance of a contract with UNRWA an individual sanctioned or currently under investigation for sexual exploitation and abuse.

j. Genuine concern about the vendor’s ability to perform its contractual obligations, e.g., filing for bankruptcy.

k. Vendors declared ineligible by other organizations of the United Nations: Vendors that have been declared ineligible for business by another organization of the United Nations are ineligible to do business with UNRWA. Vendors that have been declared ineligible for doing business with another UN organization, it also becomes ineligible for doing business with UNRWA. Such sanctions are recorded in the Ineligibility list (IL) of the UNGM where these can be looked up. Checking the IL is a mandatory step prior to contract award.

l. Consolidated UN Security Council Sanctions List: Persons or entities included on the consolidated UN Security Council Sanctions List are ineligible to do business with UNRWA.

m. Poor performance or failing to achieve acceptable performance under a contract with UNRWA, outstanding claims against the vendor, or failure to comply with contractual requirements.

n. Repeated withdrawal of offers after the submission deadline.

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2 UNRWA mirrors the decisions of other UN organizations, i.e. when a vendor is declared ineligible for doing business with another UN organization, it also becomes ineligible for doing business with UNRWA. Such sanctions are recorded in the Ineligibility list (IL) of the UNGM where these can be looked up. Checking the IL is a mandatory step prior to contract award.
o. Other grounds identified by Chief, CSSD or Director, DLA or FOD.

The Procurement Officer (or requisitioner, who in the case of Low Value Procurement, may take on the role of Procurement Officer) must ensure that no entity falling into the above categories is invited to apply for business with UNRWA or awarded a contract. The Awarding Authority is ultimately accountable for this. The UNGM (www.ungm.org) provides a tool to easily check whether a vendor falls into any of the above categories.

3.3.2 Vendor Review Committee. The Vendor Review Committee (VRC) is an internal and independent UNRWA technical administrative body tasked with advising on cases of vendors who have allegedly engaged in proscribed practices, have contravened the terms and conditions of contracts with UNRWA, or have performed poorly by failing to achieve acceptable performance under a contract. The VRC makes recommendations to the Chief, CSSD if a vendor should be declared ineligible, removed or suspended from or reinstated on the Agency’s Vendor list. Any such sanctions are to be affected on the UNGM Ineligibility list by UNRWA’s Ineligibility List Administrator (ILA) – irrespective of whether the vendor is registered with the UNGM. The mandate, scope, and procedures of the VRC are described in the Policy and Standard Operating Procedures for UNRWA’s Vendor Review Committee.
4  Procurement Strategy and Planning

Due to the evolving and dynamic nature of procurement as well as the volume of UNRWA’s overall annual procurement spend and the objective to achieve value for money, procurement planning is important to assist in identifying program and operational needs, timeframes and responsible officers to ensure efficiency and cost-effectiveness and timeliness in acquiring goods, services or works.

Prior to engaging in a procurement action for strategic, sensitive or high-value service and related goods from a commercial service provider, consideration should be given on whether it is beneficial for the Agency to outsource the requirement. Such consideration can be documented in the Source Selection Plan including, if applicable, short and long-term considerations and costs. Section 15.4 can help determine whether this applies. If the decision is taken to outsource a strategic, sensitive, or high-value service, this decision is subject to periodic review, including risk assessments, to ascertain whether appropriate risk management measures are developed by the relevant functions.

Procurement planning is critical to the successful project implementation because it encourages to think consistently about future projects and operational needs, looking forward besides inducing a sense of urgency and time consciousness, serves as a means for coordinating complex operations and provides the basis for monitoring and control. Likewise, early and accurate planning is essential to avoid last-minute procurement and ensure acquisition of goods, services or works in a timely manner and at optimal costs.

Procurement planning allows UNRWA to develop a procurement schedule and procurement strategy to establish timelines for carrying out each step of the process, from market research/analysis, strategic sourcing, actual acquisition of goods and services, to the fulfilment of the planned requirement. This may be captured in the Source Selection Plan (SSP) and enables the allocation of resources accordingly and helps to ensure the timeliness of the process, including allowing ample time to ensure that the proper procurement method is used. The SSP also provides a basis for the monitoring of the actual performance against planned activities.

4.1  Procurement Strategy

4.1.1. Planning. Procurement is a critical function in order to ensure that UNRWA meets its organizational objectives. Procurement support UNRWA operations, i.e. projects and programs, and any procurement action needs to be seen as an integrated part of the process of achieving the project or program outcomes.

Procurement planning is the process of assessing and projecting the procurement needs of the program or project in order to determine its procurement strategy. Developing a strategic approach to procurement through appropriate procurement planning is a key element for
successful acquisition of goods, services and civil works necessary for timely implementation of programs or projects.

Procurement planning is a joint activity between the requisitioner and/or other project and programme personnel and procurement personnel, i.e. CSSD and/or FPLO. The trigger for any procurement activity will be the requisitioner and without the input from the requisitioner, the Procurement Officer cannot plan effectively. Therefore, it is essential that the requisitioner involves CSSD and/or FPLO early in the annual planning process of projects and programmes.

The process of procurement planning offers a number of benefits such as:

- Better requirements definition, increased probability to receive solid offers
- Improved sourcing and, subsequently, increased competition
- Mitigation of risk of redundancy, reduced transaction costs and competitive prices due to consolidation of procurement actions and volume effect
- Identification of areas where proactive measures can be taken and how economies of scale might be achieved.
- Reduction of lead times and delays due to the ability to perform procurement activities in advance and proactively
- Ability to give advance information to vendors with whom UNRWA has signed long term agreements in order for vendors to better plan production for shorter lead times;
- Efficiency in the use of resources by avoiding last minute actions
- Identification of “peak times” (such as year-end closure) when more or larger orders will be requested
- Prevention of non-compliance with procedures, regulations and rules, for example due to oversights or lack of time. Proper procurement planning is also essential to avoid violating financial limits or thresholds established in this procurement manual and
- Facilitation of monitoring of procurement activities, e.g. the frequency of purchase for any given item, and thus support strategic decisions such as establishing long-term agreements (LTAs) or other blanket purchase mechanisms, pre-qualifying vendors, etc.
- Mitigation of supply risks resulting from Force Majeure situations.

All Heads of Requisitioning units/departments (for both field offices and HQ) are required to prepare and send an annual procurement plan to CSSD by the end of January. Field offices submit their annual procurement plans through their FPLOs. Annual procurement plans at all organizational levels shall reflect the annual budget and contribute to budgetary requests and be based on the corporate template which is available on the UNRWA intranet. CSSD will consolidate all the submitted procurement plans into an overarching UNRWA procurement plan. This overarching UNRWA procurement plan can be used to consolidate needs and establish required
long-term agreements as well as develop other procurement strategies for the benefit of the Agency.

Requisitioners are strongly encouraged to develop a procurement plan as soon as possible without waiting, e.g. until the project is launched as this can be done even earlier by coordination with CSSD and/or FPLO, especially for larger and more complex procurement cases. The budget owner / requisitioner is responsible for analyzing the procurement needs of the project, presenting a procurement plan that defines procurement and related logistics needs, suggesting the procurement methods and timing for the delivery. The project level planning will generate information for the Headquarters Department or Field Office procurement plans. Project level planning should start during the project acceptance stage, in order to include specific requirements resulting from the planning analysis in the legal agreement with the donor.

The involvement of the procurement personnel at the early stages of any project development is also very much needed, as the Procurement Officer can provide a realistic timeframe for the procurement and advise on the most appropriate procurement and sourcing strategies. Based on an understanding of the nature of the procurement activity, knowledge of the associated market conditions and an understanding of existing risks, a procurement strategy can be developed for a procurement transaction.

Certain items can only be procured by CSSD. The Standard Operating Procedure: Local Procurement Authority, which is available on the UNRWA intranet, sets out the respective provisions and procedures.

4.1.2. **Strategy.** A procurement strategy states the objectives of an organised procurement activity for a specific product, service or product category over a specified duration and the planned procurement approach to deliver these objectives. A strategy will focus on a particular product, service or category of related products/services. Development of a procurement strategy typically requires market research, analysis of risks, definition of the procurement approach and preparation of an action plan with timelines and resources allocated.

In order to prepare a procurement strategy, the Procurement Officer:

- Can review the historical spend data in the ERP (REACH);
- Can review ERP (REACH) data on inventory
- Should work with the requisitioner to understand relevant programme/project needs including sustainable procurement considerations as well as accessibility and disability-inclusion requirements
- Should understand the market for the goods or services; and
- Can consult with external stakeholders including other UN organisations, partners and vendors;

A procurement strategy outlines:
• the product, service or product category;
• the objectives of the strategy;
• the context;
• the procurement approach, taking into account a previous procurement strategy, if any;
• anticipated future demand;

It is a good practice that the Procurement Officer monitors the implementation of the procurement strategy and updates it when material changes occur or, for long-term strategies, at regular intervals. It is further a good practice to conduct and record in writing an end of strategy evaluation.

4.2 Requirements Definition

Description and definition of the requirement is a critical step in the implementation of a procurement activity. It is hard to overstate the importance of defining sound, realistic and clear requirements. The definition of the requirements is captured in the specifications, Terms of Reference (TOR) or Statement of Works (SOW), which becomes a central part of the solicitation documents and the basis for evaluating the offers. Thus, the requirements definition will determine the procurement approach and also how offers will be evaluated. They will also determine whether UNRWA will receive goods / services that are fit-for-purpose or not. Great care must be taken when developing requirements definition as they will also become an integral part of the contract.

The general purpose of all requirements definition is to identify the precise needs of the requisitioner (i.e. for instance, the project manager) and to describe the requirements in a way that will facilitate the procurement activity. A clear requirements definition helps remove ambiguities from the evaluation process, and thus serves as the starting point when determining which offer provides the best overall solution to UNRWA. The requirements definition also serve to achieve overarching UNRWA objectives such as sustainable procurement, inclusion of persons with disabilities or gender-responsive considerations. The requisitioner is responsible to determine which of these overarching objectives can be supported by and contributed to with the requirements.

Technical, financial, commercial, legal, corporate, social and environmental factors must be stated in the solicitation documents and no parameters other than those initially specified therein may be considered during the evaluation. The requirements definition forms a critical part of any contract with the vendor, clearly stating what is expected and when it will be delivered.

It is the responsibility of the requisitioner to define the requirements and prepare the specifications, TOR or SOW and associated technical evaluation criteria. The Procurement Officer will review the requirements to ensure that requirements are unbiased, fair, not unnecessarily
restrictive and promote competition rather than prevent it. The Procurement Officer will also review for any necessary adjustments to incorporate considerations of sustainable procurement such as environmental elements, inclusion of persons with disabilities / accessibility or promotion of purchasing from women-owned enterprises. Capturing sustainability requirements at this early stage is the most effective way of guaranteeing that sustainability is factored into the purchasing decision. In order to avoid receipt of inappropriate equipment, supplies or services, as well as to enable vendors to compete fairly, it is essential that requirements must be clear, concise and flexible (generic) and supporting information as detailed as possible.

For certain categories (for instance information and communications technology, construction and maintenance works, or pharmaceutical products), UNRWA may establish its own corporate standards or decide to adhere to internationally recognized standards as per the discretion of the respective organizational unit responsible for those categories. If applicable, those standards need to be considered by requisitioner when defining the requirements for a specific procurement action. For pharmaceutical products, the UNRWA quality assurance policy for pharmaceutical products needs to be adhered to.

4.2.1. Universal characteristics of requirements. In order to define requirements, there must be consideration of the nature of the product, i.e. goods, services or works, that is being procured and of its purpose, performance requirements, characteristics, objectives, and/or expected output, depending on the nature of the product. Information on the products available in the market must be gathered.

All requirements definitions must specify the needs without over-specification. Over-specification may increase prices and/or decrease the number of offers as it leads to offers for more advanced products than those needed. Under-specification may lead to UNRWA being offered products or services which are not fit-for-purpose and hence also be detrimental to UNRWA operations. Therefore, it is essential for the cost-effective use of funds that the requirements define the exact needs.

Requirements must be generic and defined with the aim of engendering competition; no specific brands, unless for standardization purposes, or other unnecessary restrictions can be requested. However, if brand names are used to define functional, performance and/or conformance requirements they must only be used to define the required product standard. The requirements must clearly invite offers of equivalent products, i.e. products meeting similar functional, performance and/or technical standards.

It is important to use clear and simple language and be accurate in all requirements definition documents, to minimize misinterpretation of the risks. In case the requisitioner is not a subject matter expert (which the requisitioner should be), it is good practice to engage a specialist to review and proofread the requirements definition document.

For any requirement of a service of strategic, sensitive or high value, the requisitioner needs to develop clearly detailed guidelines for managing vendor transition, including corresponding
backup arrangements, and ensure that the Terms of Reference clearly outline the responsibility of the vendor as regards transitional assistance and knowledge transfer to the organization and incoming vendor. Establishing such clear transition arrangements between vendors becomes critical to ensuring business continuity and effective knowledge transfer, both from the vendor to UNRWA and from one vendor to another.

4.2.1.1 Specifications. Specifications are a type of requirements definition document and they are used typically for the procurement of goods, but also for well-defined, quantifiable services. They describe what procurement wants to buy and, consequently, what the vendor required to provide.

There are three types of requirements that can be included in the specification:

- Functional specifications – these define what the product / service is required to do
- Performance specifications – these define how the product / service will perform, what the output will be
- Conformance (technical) specifications – these define the physical characteristics and dimensions of the product

4.2.1.2 Terms of Reference. A TOR is a description of the scope of work for services generally indicating the work to be performed, the level of quality and effort, the timeline and the deliverables. TORs are mostly used to define the performance requirements for expert and advisory services, which are not easily quantified, e.g. where a solution to a requirement is offered, but may also be used to define a complex requirement for goods or combination of goods and services.

The TOR is often the supplier’s first and main introduction to the assignment. A clear TOR without any contradictions will force the supplier to prepare a clear and detailed proposal. This should lead to successfully implemented projects and limit the risk of dispute or claims. The TOR should plainly state the desired level of sustainability that the procurement entity wishes to implement.

The TOR typically includes the following information:

- Background for requesting the service
- Objective and scope of the service and overall impact
- Expected output from service
- Activities required to reach this output
- Inputs provided by UNRWA and the vendor, which are required to perform activities
- Deliverables (such as reports)
- Timing
- Constraints
- Key Performance Indicators
4.2.1.3 **Statement of Works.** The Statement of Works (SOW) is a requirement specification for work assignments outlining the specific services and/or goods a contractor is expected to perform, generally indicating the type, level and quality of service, as well as the time schedule. The SOW cannot be used for the requirements definition for infrastructure and works requirements. The SOW usually includes detailed requirements and pricing requirements. For example, a SOW is a good tool for hardware or software solutions where services can be quantified and broken-down item by item.

4.2.2. **Sustainability considerations.** UNRWA is committed to making sustainable procurement the standard practice progressively and in full respect of the right of access to the UN market for suppliers from developing countries and countries with economies in transition. Environmental and social responsibility aspects (e.g. environmentally friendly production methods) that should be considered in the evaluation must be included in the requirements definition. Other considerations such as procurement from disability-inclusive suppliers (see Section 4.2.3 for details) or women-owned enterprises can be considered at the requirements stage.

UNRWA is firmly committed to sustainability and as is generally the case for the requirements, the requisitioner has the obligation to consider sustainability when defining the requirements. The Procurement Officer is expected to assist the requisitioner in identifying the most sustainable solution fulfilling the stated needs using their knowledge of the market and the procurement process. To maximize the sustainability outcome, the discussion about sustainability requirements should be conducted early in the process to improve the chances of obtaining a more sustainable result.

Examples of possible integration of environmental considerations in the procurement process include, for instance, consideration of vehicles’ CO2 emissions, use of recycled printing paper, use of refillable/recyclable toner cartridges and collection by the vendor of the used/empty ones, high efficiency appliances like A/Cs, LED lights, building insulation, low toxicity chemicals like paint whenever possible, or avoiding the use of one-time use disposable plastics for canteen services.

Where possible, the Procurement Officer shall advise the requisitioner of more sustainable solutions to meet the stated need (and may rely on appropriate sourcing methods such as RFIs for this purpose). Such solutions may include reducing the amount of procured goods or services, re-thinking the solution in favor of more sustainable alternatives or redesigning certain environmental and social aspects. A more sustainable procurement solution can translate into more or less stringent requirements for the supplier to be included in different stages of the procurement process, depending on the market maturity and on the strategic priorities of the procuring entity.

The Procurement Officer will need to indicate on the UNGM if the procurement incorporates sustainability when publishing the solicitation documents on the UNGM (see Section 6.6.2). The objective is to incorporate at least one criterion from each of the three areas of sustainability.
(environment, society, economy). While the requisitioner is ultimately responsible for the requirements, the Procurement Officer can remind and encourage the requisitioner to work in considerations of sustainable procurement into the requirement.

4.2.3. **Inclusion of persons with disabilities.** Approximately 15% of the global population has one or more disability. All people that UNRWA serves need to be able to access the products the Agency procures and this will include a large number of people with disabilities.

The requirements are primarily owned by the requisitioner who needs to determine whether a requirement is relevant for persons with disabilities and if yes, how to ensure accessibility. This includes exploring whether the design of relevant products, their packaging, accessibility standards, context or guidance for use can improve access for persons with disabilities.

A relevant product is one which is used by a non-professional. This could be a beneficiary with disability, a caregiver of someone with a disability, or a relative of a person with a disability or with a disability themselves. If the product is only used by, for example, a health care or education professional accessibility does not need to be considered at this time.

Particular attention should be given to disability inclusiveness and accessibility when procuring any of the following products:

- All construction, rehabilitation, and renovation works
- All food and nutrition items to be used independently by beneficiaries
- All information and communication technology to be used by beneficiaries
- All medicine/pharmaceutical products administered or handled by beneficiaries
- Health products/technology used or handled by beneficiaries
- Water containers and buckets
- Hand pumps if used by beneficiaries
- Water purification products if used by beneficiaries
- For all prefabricated structures (particularly toilets/WASH structures)
- All products and materials used for educational purposes
- Sanitation products used by beneficiaries
- Vehicles and other methods of transport
- School furniture

If a product or service is relevant and prioritized for disability inclusiveness, there are two distinct approaches which UNRWA can choose: 1) Adopt a Universal Design (also known as “Design for all”) approach or 2) Adapt the requirements of previously procured goods or services to make them accessible and disability inclusive. If a Universal Design option exists, this is often the ideal choice from an accessibility perspective.
The second option relies on making adaptations to existing products to make them more accessible or accessible to more people with disabilities. Usually, it makes sense to make the adaptations for the entire procurement, i.e. not to split the requirement into two distinct products (one part being suitably adapted and the other not). However, this approach may vary from one requirement to another.

Adaptations to the products to make them disability-inclusive and ideally universally accessible will vary from one product to another product. Typical adaptations include enhancing the accessibility for persons with visual, hearing or mobility impairments. It is important to remember that even small adjustments to a product or service can make it more accessible – every step counts!

Where possible, the requirements should reference appropriate accessibility standards, international norms or other equivalent guidelines that suppliers can be instructed to adhere to. However, in some cases, there may simply be no products available in the relevant market that fully meet the appropriate standard. In these cases, and with the understanding that different markets will have different levels of advancement in the area of disability-inclusion, the recommendation is to try and adhere to the spirit of existing standards and guidelines and follow them where possible, but also be prepared to use one’s professional judgement in this regard.

Additionally, for certain product and service categories, there are international or regional standards for accessibility which can be very helpful reference materials when developing requirements specifications. Examples of such standards include:

- Annex II of the JIU Report on Accessibility of Conferences and Meetings contains a non-exhaustive list of international accessibility standards with relevance to the UN system
- European Commission efforts on accessibility standards which help remove barriers for people with disabilities can be access on the European Commission’s website.
- The United States Access Board ADA standards apply to facilities covered by the ADA in new construction and alterations and are available on their website.
- For the built environment, i.e. for instance for construction projects, the ISO Standard 21542 specifies a range of requirements and recommendations for many of the elements of construction, assemblies, components and fittings which comprise the built environment. These requirements relate to the constructional aspects of access to buildings, to circulation within buildings, to egress from buildings in the normal course of events and evacuation in the event of an emergency. It also deals with aspects of accessibility management in buildings.
- ICIP has issued Technical Standards and Guidelines for Physically Accessible Environment (PAE) at UNRWA Premises (ICIP Guidelines No. 2) which are available on the UNRWA intranet.

The following table contains practical explanations on what visual, hearing and mobility related accessibility followed by suggestions on what types of adaptations can be made to the product
its packaging and associated guidance/operating manuals. These can be used as samples or ideas for adapting requirements documents.

Table 2: Explanation what visual, hearing and mobility accessibility means

<table>
<thead>
<tr>
<th>Accessibility</th>
<th>Explanation</th>
</tr>
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</table>
| VISION        | • If the product includes letters or numbers relevant to the end user to read or understand to use the product, add braille or raised text, or large print.  
• Tactile aids: Aids that can be felt by touch. It can be raised text and numbers, dots that lead a person with vision impairments etc.  
• Contrast colours: Use of colours to highlight text, figures, drawings or tactile aids.  
• Safety and usage: Increase safety (through for instance guide-railing) or usage (through guidance strips for white canes, easier access etc.). |
| HEARING       | • Visual and vibrating alarms: Replace sound with visuals such as flashing lights or vibration. Examples of products that can be changed from sound to lights: fire detectors, doorbells, alarm clocks  
• Pictograms: If the product is something the end user needs to learn how to use, it can be beneficial to include pictograms on the package/guidance to aid learning and ensure the instruction are clear even after training. |
| MOBILITY      | • Physical access: Consider parameters like: Access height (step or steps), access width, to accommodate wheelchairs – space inside for wheelchair and caregiver (for instance in emergency latrines). If transfer is needed from wheelchairs, does space allow?  
• Safety and Support: Examples include railing, grapple hook, handlebars etc. |

Table 3: Suggestions for suitable product adaptations

<table>
<thead>
<tr>
<th>Disability</th>
<th>PRODUCT</th>
<th>PACKAGING</th>
<th>GUIDANCE</th>
</tr>
</thead>
</table>
| VISION     | • Include braille writing³  
• Include tactile aids  
• Include large print  
• Ensure contrast colours  
• Can product be adapted for safety and usage | • Include braille writing  
• Include tactile aids  
• Include large print  
• Ensure contrast colours  
• Consider text size | • Include braille writing  
• Include tactile aids  
• Include large print  
• Ensure contrast colours  
• Consider text size |
| HEARING    | • Consider if visual or vibrating alarms are relevant | • Consider adding pictograms | • Consider adding pictograms |

³ Note that braille is not universal. Most universal is unified English braille – but adaptation to local braille language may be needed.
<table>
<thead>
<tr>
<th>Disability</th>
<th>PRODUCT</th>
<th>PACKAGING</th>
<th>GUIDANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Consider if connection to hearing aids is relevant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOBILITY</td>
<td>• Easy to use and can be done with one limb and little force (hand or foot)</td>
<td>• Consider whether the packaging is easy to handle, open and close</td>
<td>• Consider if the guidance is easy to use or requires many steps.</td>
</tr>
<tr>
<td></td>
<td>• Consider if physical access and space is an issue with this product</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Consider safety and support</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Consider usage by persons with low dexterity and strength</td>
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The above focuses on how to make existing products disability-inclusive. When entirely new products are procured (rather than a repetitive procurement of previously purchased products), the Agency should seek to purchase or work with suppliers to co-design products that can be used by as many people as possible. This is known as universal design. In other words, universal design aims to ensure that products, environments, and programmes and services, to the greatest extent possible, can be used by all people without adaptation or reconfiguration. There are practical check lists which can be used to determine if a product is universally accessible.

If a determination is made that a relevant product or service cannot be made accessible, or if there is going to be a significant time lag before accessibility can be achieved, the UN organizations should plan for how to provide an alternative means of accessing the service so that persons with disabilities are not disadvantaged.

If possible, it is ideal to already include the prospective users of the products at this stage of the procurement process as they may be able to review and advise on suitable requirements to make the products accessible.

More information on accessibility of requirements and how to implement this in the procurement process can be found in the implementation guidelines on UNDIS Indicator 8, which have been endorsed by the HLCM Procurement Network.

4.2.4 Performance indicators. Where possible, requirements should include key performance indicators (KPIs) to be monitored during contract management stage. KPIs and service level agreements (SLAs) are essential tools to express and measure performance against agreed targets and these are particularly recommended for complex contracts of goods and services, including long-term agreements. These have to be identified at requirements definition stage, to be incorporated in the solicitation documents, then into the contract, and hence enable monitoring the KPIs at contract management stage.
Example KPIs for goods and services include:

| Delivery / performance | • Delivery of goods/services on time  
|• Delivery of goods/services in full |
|------------------------|----------------------------------------------------------------------------------|
| Quality                | • Quality of goods/services delivered (in accordance with specifications/TOR)  
|• Handling of complaints  
|• Technical competence  
|• Adherence to warranty provisions |
| Communication          | • Responsiveness of supplier (requests, complaints etc.)  
|• Appropriate handling and timely submission of documents (reports, invoices, shipping documents etc.) |
| Sustainability         | • Innovation  
|• Cost saving initiative  
|• Environmental considerations  
|• Labour considerations |

Best practices in setting up KPIs:

- Determine KPIs together with the requesting unit(s) during requirements definition stage;
- Ensure KPIs are SMART (Specific, Measurable, Achievable, Relevant, Time phased);
- When issuing the contract, ensure inclusion of KPI targets in a service level agreement (SLA) as a separate Annex to the contract.

4.3 Acquisitions Planning

Acquisition planning, i.e. the procurement planning for a specific requirement or specific procurement activity, is the process of assessing the identified procurement requirement, determining the ultimate goal of the procurement activity, and establishing a timeline and a strategy for the intended outcome, taking into account the UNRWA procurement framework.

To undertake a successful procurement exercise, it is essential to anticipate the time required to complete such a process. This will include the development of a solid definition of the requirements (specifications, TOR, SoW) and associated evaluation criteria, sufficient time required for letting bidder submit offers, evaluation of offers, and other activities.

Planning of a procurement activity requires early consideration about the intended outcome and defining an approach for every step of the procurement process to achieve the required result in a timely and cost-effective manner. Early planning of the procurement process helps ensure that each required step leads to the desired outcome. It will also allow sufficient time to follow each step of the process in accordance with this policy.
4.3.1. **Source Selection Plan.** The use of a Source Selection Plan (SSP) for the purpose of acquisition planning is encouraged for formal methods of solicitation. It can also be used for informal methods of solicitation where the Procurement Officer, requisitioner or Awarding Authority deem useful. Source Selection Plans should be based on the template as approved by CSSD, which is available on the [UNRWA intranet](https://www.unrwa.org).

The SSP is an internal document developed under the leadership of the Procurement Officer, that describes critical components of the procurement activity to achieve best value for money. The Procurement Officer and the requisitioner are jointly responsible for contributing and preparing the SSP before the solicitation documents are issued. Depending on the complexity of the procurement, the SSP may be summarized in a few lines, or consist of long and precise descriptions of the steps of the evaluation necessary to ensure best value for money for UNRWA.

The following are elements that may be included in the Source Selection Plan:

(a) Description of the requirement (including operational circumstances, timeline, etc.)
(b) Source of Funding
(c) Solicitation method (RFQ, RFP, ITB) and justification thereof
(d) Sourcing method (identification of vendors, particular attention should be given to attract vendors from developing countries and from countries with economies in transition)
(e) Contractual instrument to be used
(f) Technical Evaluation Team responsible for commercial and technical evaluation
(g) Evaluation Criteria and reasonable minimum criteria: A detailed breakdown of percentage or points allocated to each overall criterion (e.g. experience: xx points, approach and methodology: xx points, qualifications and competence of proposed personnel: xx points)
(h) Weighting (i.e., the relative importance of each of the evaluation criteria) and rating and scoring system where applicable. Any rating system for Submission evaluation, both commercial and technical, shall include all relevant details determined appropriate by the procurement personnel and requisitioner. The procurement personnel shall include a description of said rating system in the solicitation documents
(i) Planning and procurement activity schedule
(j) Required level of expertise and requisitioner resource capacity
(k) Risk factors that should be assessed during the evaluation and potential remedies
(l) Any relevant information with regard to the forthcoming contract management capacity and expertise, staff training, equipment maintenance, after sale service, disposal, etc.

When completing the SSP, specific consideration should be given to cooperation with other UN organizations, i.e. whether there is the possibility to piggy-back on existing contracts of other UN organizations or whether a joint solicitation is an effective and efficient approach. UNRWA has
signed the Statement of Mutual Recognition, enabling it to efficiently cooperate with other UN organizations in procurement. More details on this are included in Chapter 14.

The SSP shall be signed by the Awarding Authority, the requisitioner and the Procurement Officer to confirm that all relevant parties have understood the specific needs, procurement approach, timeline, respective responsibilities, and resources required to carry out the procurement. The SSP becomes part of the procurement case file.

4.3.2 Local Procurement Authority. Certain items can only be procured by CSSD and not locally. The Standard Operating Procedure: Local Procurement Authority, which is available on the UNRWA intranet, sets out the respective provisions and procedures.

4.4 Requisitions

A requisition is a written or computerized request from an internal user/customer for the fulfilment or procurement of goods, services or works. At UNRWA, a Purchase Requisition (PR) is required from an internal user, i.e. the requisitioner, for the procurement of goods or services or works.

A requisition must at a minimum include:

a. A detailed description of the goods, works or services being sought (attaching the appropriate requirements definition document);

b. Confirmation whether or not the requirements are relevant from a disability-inclusion perspective and whether or not accessibility of the requirement has been considered (see Section 4.2.3 for more details on this);

c. UNSPSC category code (selection of the code is critical to ensure data quality and reporting);

d. Confirmation of funds availability for the requested purchase, as well as justification of the purchase with reference to the project agreement with the client;

e. In the case of IT requirements, clearance from IMTD;

f. In the case of a requisition in respect of construction works, it should include a contingency sum, which is set per default at 2.5% but may be increased at the discretion of the Chief, FICIP;

g. Quantity to be procured;

h. Required delivery date or start-up/completion date;

i. Delivery location or location of works/services to be performed;

j. Distribution plan, if relevant;

k. Estimated price;

l. Any additional information (e.g. standardization, preferred method of shipment).
4.5 Standardisation and Used Equipment

4.5.1 Standardisation. Standardisation is acceptable when identical goods, equipment, technology or works have recently been purchased from a supplier or contractor, and it is determined that either a quantity of additional supplies must be procured, or compatibility with existing goods, equipment, technology or works is required. Situations in which standardisation may be appropriate, include standardisation based on technical requirements, standardization based on Agency-wide decisions, or standardisation based on UN standards. Agency-wide technical standards which all requisitioners must adhere to, are often defined by the respective function, e.g. IMTD for IT-related standards.

Standardization may be grounds for an exception to the use of formal methods of solicitation. Please refer to Section 6.8 for additional information. However, note that an approved standardisation is not sufficient to justify waiving formal methods of solicitation. For instance, multiple vendors may be able to fulfill the standardised requirement.

4.5.2 Used Equipment. Generally, equipment procured should be new with full warranty coverage. In exceptional circumstances, including in connection with an emergency program or project, consideration may be given to procurement of used or reconditioned equipment. Requests for used or reconditioned equipment must establish that procurement of used or reconditioned equipment is justified (e.g. significant cost savings, speed of availability versus new equipment, only source of supply) and constitute a reasonable alternative with respect to the purchase of new equipment.

4.6 Funding Requirements

The requisitioner must ensure that sufficient funding is available for the procurement activity concerned. This funding should be available prior to submitting the requisition to the Procurement Officer, unless otherwise agreed with the Procurement Officer.

Where the Procurement Officer exceptionally accepts later confirmation of the availability of funds (e.g. based on the advice of the Finance Department), they definitely must be committed prior to contract award. If funding is not available when contract award is imminent, the Procurement Officer will either suspend the award of the contract until final funding has been committed or decide on another appropriate course of action.

Funding is critical during the entire lifecycle of a project, in particular to prevent any disruption in the payment of invoices raised by the vendor. Payment of an undisputed invoice is a key requirement in the contractual relationship between the vendor and UNRWA and essential for UNRWA to maintain a good standing vis-à-vis the business community such that bidders continue to be interested in doing business with UNRWA.
5 Sourcing

5.1 Sourcing of Vendors

Sourcing is the process of identifying suitable vendors that could provide required goods, services or works. The sourcing process, if it is carried out effectively, can also provide valuable information about products and specifications. It can be used to determine the solicitation method and type of competition which is suitable for the requirements.

5.2 Market research

Market research is the process of collecting and analyzing information about specific industries’ capabilities and the overall market supply situation. It helps to identify appropriate goods and services as well as the vendor, which provides these; can assist in the development of good technical specifications, TORs, SOWs, and other relevant solicitation documents; and allows the collection of product and pricing information on available goods and services. Market research is the first step in any successful procurement process, particularly if the good, service or work has not been procured previously. Even if the good, service or work has been procured previously, many markets change quite rapidly, hence it is a good practice to carry out market research regularly prior to launching a procurement process.

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

- United Nations Global Marketplace (www.ungm.org, see Section 5.3)
- Advertisement of business opportunity (see Section 5.4)
- Request for information (see Section 5.5)
- Request for Expression of Interest (see Section 5.6)
- Pre-qualification of vendors (see Section 5.7)
- Other external sources
  - Internet search (e.g. Kompass [available through UNGM], the DACON [Data on Consultants – maintained jointly by the World Bank and other Regional Development Banks], regional trade directories and country and product specific directories, etc.)
  - Other relevant United Nations organizations – this is in particular relevant for field missions where other UN organizations are co-located or located close by
  - Commercial/specialized journals and magazines
  - Beneficiary governments, end users, clients
  - Specialized fora (business seminars, vendor catalogues, professional journals, etc.)
  - Specialized local or international business associations such as associations for women-owned businesses.
- Organizations of Persons with Disabilities, represented for instance through the International Disabilities Alliance (IDA) or the International Disability and Development Consortium (IDDC)
- Other business associations for specific minorities or interest groups

Other internal sources:
- Former vendors that have a proven satisfactory record
- Shortlists from previous procurement processes within the same field
- Communities of practice
- CSSD, e.g. for past procurement cases
- Other UN entities in the same country or region, e.g. through the UN Country Team or the UN Operations Management Team

Market research should not rely solely on any one of the above tools; several tools must be used in conjunction before deciding on the method of solicitation and type of competition. The result of the market research stage shall be a list of potential vendors.

Market research also includes updating and sharing with ICID/ICIP market prices for basic construction materials which is the responsibility of CSSD (for HQ and Jordan field office procurement) and PFLO (for field office procurement).

5.3 United Nations Global Marketplace

The UNGM is the common procurement portal of the UN system of organizations, bringing together UN staff and the vendor community on one platform. The UNGM acts as a single window through which potential vendors may register their interest to do business with 29 UN organization. The UNGM also serves as a primary vendor sourcing tool for UN procurers and should always be consulted whilst undertaking market research.

UNGM has a United Nations General Assembly mandate to enhance transparency and increase harmonization of UN procurement practices, simplify and streamline the registration process for vendors, increase procurement opportunities for vendors from developing countries, and create one common UN global procurement portal.

The objective of the UNGM is to:
- Provide the global vendor community with a single point of entry to the UN procurement market and most agencies eProcurement systems
- Provide a global vendor sourcing portal for the UN procurement system
- Consolidate UN organizations’ vendor rosters into one common vendor database accessible to all UN staff
• Facilitate due diligence by automatically screening vendor profiles against UN agency, UN Security Council and World Bank sanction lists
• Provide a knowledge centre to host procurement-related information and knowledge for both vendors and UN staff

Once registered, UNRWA staff have access to the following functionalities:
• Search for vendors based on company names, UNSPSC code (United Nations Standard Products and Services code), countries, and a range of additional criteria
• View the status of vendors in terms of eligibility and UN and World Bank sanctions from Vendor Search and View Ineligibility links
• Record vendor performance using the Vendor Search as a starting point
• Search for LTAs created by UN organizations in order to piggyback
• Use the Knowledge Centre to access information on the Model Policy Framework for Vendor Sanctions, Procurement Categories, the HLCM Procurement Network and its Working Groups, Other Collaborative Initiatives, Annual Statistics, and much more
• Find extensive information to guide potential vendors on the UN system, procurement procedures and registration with UNGM under the Knowledge Centre on www.ungm.org

With special rights assigned (request from registry@ungm.org) UNRWA staff can also:
• Create tender notices, contract awards, and LTAs
• Assist vendors with limited internet access to register with UNRWA
• Add companies and individuals to the list of ineligible firms / vendors (as per recommendations by the VRC and decisions by Chief, CSSD, this is done by the Ineligibility List Administrator)

All UNRWA business opportunities (these may include solicitation documents such as RFQ, ITB, RFP but also EOIs and RFIs), which are publicly advertised, must be published also on the UNGM.

5.4 Advertisement of business opportunities

Business opportunities must be advertised on UNGM if open competitive bidding is used as type of competition. Procurement notices may also be advertised on additional websites/media (e.g. DgMarket). In addition, they should be advertised or distributed in a manner that, according to the nature and circumstances of the required product, would lead to the most beneficial responses, i.e. announcement on local radio, advertisement on websites of other organizations or clients, in local newspapers or specialized journals.

The Procurement Officer is encouraged to share procurement opportunities with relevant special interest groups, including but not limited to women-owned business associations, Organizations of Persons with Disabilities, and local chambers of commerce.
5.5 Request for Information

A request for information (RFI) is a sourcing instrument to conduct a market survey in order to obtain information that can be used to identify available or potential solutions to fulfil identified needs. Primarily, it helps identify generic descriptions of available or potential alternatives for fulfilling a defined requirement or outcome, as well as the cost and delivery time of such alternatives. The RFI is more oriented toward seeking a technical alternative, option or solution, costing range and other terms and conditions than seeking a direct response in the form of an offer from the market or industry.

RFIs request vendors in an industry to provide information about available products, technologies, services, qualifications and experience in order to gain required knowledge before writing the specifications. RFIs may include information on expected prices and delivery time. The information received in response to an RFI should not be used for the purpose of qualification of vendors but rather to support general market research. RFIs help to identify technical alternatives, options or solutions, price ranges and other alternative terms and conditions.

While an RFI can be an effective sourcing tool, it also requires additional time in the procurement process, hence timely planning is required for its effective use. Vendors need to have sufficient time to respond to the RFI. The time required for vendors to respond to an RFI varies depending on the complexity and nature of the goods, services or works.

Vendors cannot be excluded from subsequent and related procurement processes if they have not responded to an RFI. RFIs can thus not be used as a method for pre-qualifying or short-listing vendors.

The RFI shall be advertised on the UNRWA website, UNGM and in any other media as appropriate.

5.6 Request for Expression of Interest

An EOI is an advertisement to identify vendors that wish to participate in a procurement process. Vendors can express interest before a specified deadline by submitting detailed information demonstrating experience and qualifications in the provision of the relevant goods, services, or works. UNRWA assesses the information provided by interested vendors and selects those, which are considered for inclusion on the shortlist of bidders that are invited to submit detailed offers. The EOI must clearly state which criteria will be used to create a short list of companies that are invited to submit detailed offers.

An EOI is a cost-effective method to identify suitable vendors. However, it requires allocation of additional time for the procurement process, as vendors must have sufficient time to respond to the EOI. The time required for vendors to respond to an EOI varies depending on the complexity and nature of the goods, services or works. A minimum of seven calendar days should be granted for responses but this period can be longer for complex requirements.
An EOI is an appropriate tool when there are many vendors expected to submit offers. It allows for the review of vendors’ qualifications in order to make sure the most qualified are invited to submit an offer.

An EOI can but does not necessarily have to be used for pre-qualification of vendors.

The results of an EOI should not be used for a period longer than two years unless duly justified.

### 5.7 Pre-qualification of Vendors

Pre-qualification is a formal method of assessing vendors against pre-determined criteria and only vendors who meet established criteria are invited to tender. Pre-qualification can either be a stand-alone formal exercise carried out through an EOI, based on continuous market outreach or it can be made part of a formal solicitation document and as such will be an integral part of the evaluation process.

The pre-qualification process guarantees that solicitation documents are extended only to vendors with adequate capabilities and resources or, if used as part of a formal method of solicitation, that the evaluation process is conducted efficiently.

Situations, in which pre-qualification may be a suitable approach include:

- a. Complex or specialized goods or services are being procured;
- b. Procuring food commodities;
- c. A particular type of goods or service is procured on a regular basis and for which establishment of LTAs would not be an appropriate procurement strategy (e.g. not resulting in competitive prices);
- d. A high degree of risk is involved in the procurement (e.g. security and safety equipment and services);
- e. The high costs of preparing detailed bids could discourage competition (such as custom-designed equipment, design and build projects or specialized services) and by limiting the number of offerors, these will be more inclined to prepare competitive and high-quality offers;
- f. The goods or services are critical project inputs (i.e., late delivery or the delivery of a wrong product or service would have costly implications);
- g. The requirement is for construction works with complex technical components for which the vendor needs to have minimum technical capability and capacity to complete the works to the required quality standard.

For construction, UNRWA relies on the official lists of contractors prepared by host country authorities in the areas of operations as follows:

- Jordan Field: List issued by “Ministry of Public Works and Housing”
• Syrian Field: List issued by “Ministry of Public Works and Housing”
• Lebanon Field: List issued by “Ministry of Public Works and Transport” (only applies to construction and maintenance works over 500,000 USD)
• West Bank and Gaza Fields: List issued by “Palestinian Contractors Union”

Evaluation of submissions to any pre-qualification must been undertaken by the technical evaluation team (see Sections 8.6 and 8.7).

5.8 Shortlists of Vendors

When market research has been undertaken, it may result in an unduly long list of potential suppliers. As previously elaborated, there can be reasons why it makes sense to invite only a limited number of suppliers (those on the short list) to submit offers. This is also the case when using limited competition (see Section 6.2) instead of open competitive bidding. A shortlist should consist of a sufficient number of to enable competition and obtain best value for money. If a shortlist of vendors is used, it must be approved by the Awarding Authority.

The objective of establishing a short list of invited vendors is to ensure cost effective competition between qualified vendors. The following principles shall be used when short-listing vendors:

a. If a pre-qualification process has been undertaken for a specific procurement activity (for instance, through an EOI), all vendors meeting the pre-qualification criteria must be short-listed.

b. UNRWA seeks to foster the development of local markets, and where possible, to support the local Palestinian economy. Due consideration is to be given to the inclusion of vendors from developing countries and new emerging markets.

c. For repetitive requirements, the short list should be updated each time to allow potential new vendors to participate. In particular, results from EOI should not be reused for longer than two years, unless duly justified

d. There is no obligation for UNRWA to invite all vendors having expressed interest through an EOI but the selection of vendors should follow clear and objective criteria

e. There is no obligation for UNRWA to limit the short list to the companies having expressed interest. UNRWA can also add further vendors to the short list at its discretion.

f. If vendors must meet specific eligibility requirements as specified by UNRWA for the procurement action in question, e.g. specific product requirements, then only vendors that meet these requirements should be selected for the short list.

g. The vendor’s technical and financial capacity shall be appropriate compared with the value of the contract and the nature of the requested needs.

h. It is recommended to undertake best efforts to identify and include qualified women-owned businesses and qualified disability-inclusive suppliers.
i. Suppliers that are ineligible must not be short-listed (see Section 3.3)
6 Solicitation

6.1 Overview

Solicitation is the process of notifying prospective vendors of UNRWA’s requirement to procure certain goods, services or works. Solicitation documents are the documents used to request potential vendors to offer a quotation, bid or proposal (the general terms for either of these is “offer”) to provide the required goods, services or works. Preparation of solicitation documents covers the process of assembling and formalizing the information and documentation necessary for potential vendors to prepare responsive and easily comparable offers, consistent with the requirements.

The method used to communicate a procurement requirement and request an offer from potential vendors is referred to as the solicitation process and may be in the form of low value procurement (‘shopping’); request for quotation (RFQ); invitation to bid (ITB); or request for proposal (RFP). The selection of the appropriate solicitation method must be based on the expected procurement value, the nature of the requirement, and whether the procurement follows emergency procurement procedures.

In general, the Procurement Officer must ensure that the solicitation documents uphold the principles of transparency, fairness and competition, e.g. all potential vendors must receive the same information at substantially the same time; measurable evaluation criteria that will allow vendors the same chance of being awarded the contract are developed by the requisitioner; commercial risks fairly distributed between the Agency and selected vendor; and the terms of the resulting contract should be clearly expressed so that vendors understand the rights and obligations they will be expected to commit themselves to. All requirements should be clearly expressed in terms that will encourage a sufficient number of offers so that the outcome will best meet the Agency’s needs.

When deciding on the solicitation method, the Procurement Officer must first determine whether the needs can be met through the use of an existing LTA (either from UNRWA or from another UN organization). If this is the case and an LTA or a form of UN cooperation (see Chapter 14) can be effectively and economically used, then it should be used and the launch of a solicitation process can be avoided.

6.2 Types of Competition

In addition to selecting an appropriate solicitation method, selecting the type of competition for a procurement action is an important step in guaranteeing that the Agency obtains best value for money. Various types of competition may be used, depending on the value of the procurement, market conditions and other factors.
6.2.1 Open competition (international or regional/national). Open competition (either on international or national/regional basis) is the standard method of competition for the Agency. Open competition is also sometimes referred to as open competitive bidding. Open international or national/regional competition is the most transparent form of competition. Limited competition may only be used if a valid reason exists.

The purpose of open international or national/regional competition is to provide all potential vendors with adequate and timely notification of UNRWA requirements and equal access and fair opportunity to compete for contracts for required goods, services or works.

Sometimes, it may make sense to restrict open competition to vendors from a certain region or countries only. Such geographical limitation of open competition is typically done in the following cases:

a. When works are scattered geographically or spread over time, and the works would likely not be of interest to international companies;

b. When services are related to the national context (e.g. advertising services in national newspapers, local licenses required to operate, etc.);

c. If knowledge of the national/regional system is a requirement and it is reasonable to assume that vendors from other regions will not have such knowledge;

d. If national/regional sourcing provides demonstrable benefits in terms of reduced environmental impacts or otherwise has a positive sustainability impact, e.g. eliminating transportation costs, or increases national ownership or other reasons, e.g. supporting the local Palestinian economy;

e. If it is in the interest of the Agency to restrict the open competition to national / regional vendors only;

f. Other reasons which are deemed reasonable by the Awarding Authority.

When requirements can be satisfactorily met by local or regional vendors, open competition may be further restricted to vendors from the regional or national context only. When choosing open competition on a regional or national basis it is essential to ensure that value for money is achieved. Care must be taken to determine whether there are enough potential suppliers in the selected region area to achieve a good level of competition. If open competition on regional or national basis is used, international suppliers which express interest in a solicitation shall not be automatically be excluded from participating.

It should be noted that when an EOI has been published on UNGM openly in order to build a shortlist of invited vendors based on clearly identified criteria to which the resulting ITB/RFP is sent, this would be considered open competitive bidding since all vendors have had the opportunity to participate in the process by responding to the EOI. This is only the case when all of the eligible vendors who have responded to the EOI are evaluated using the same criteria and all eligible vendors are invited to participate in the subsequent solicitation.
6.2.2 **Limited competition (international or regional/national).** If a valid reason exists for not applying open competition, limited competition may be held. Limited competition means that only selected vendors are invited to participate in a solicitation (see Chapter 5 and in particular Section 5.8 above for details on how to select vendors for shortlists). The Awarding Authority must approve the shortlist which is used for limited competition.

Valid reasons for limited competition are:

a. The solicitation method uses an RFQ
b. Open competition will have negative security implications or the subject/matter of the procurement action is otherwise sensitive and cannot be advertised;
c. A short list of vendors to be invited has been created further to an EOI or a pre-qualification process which as openly advertised;
d. Other reasons which are deemed reasonable by the Awarding Authority.

Where limited competition is used, the Procurement Officer must invite a sufficient number of prospective vendors and endeavor that at least three (3) offers are received and evaluated. When fewer than three offers have been received when using limited competition, the request for award must include a justification why open competition was not used.

When procurement requirements can be satisfactorily met by local or regional vendors, limited competition may be further restricted to vendors from the regional or national context only.

When limited competition on regional or national basis is used, the same considerations as listed under open competition apply regarding the restriction to a regional or national basis.

Deliberately splitting requirements by Agency personnel into separate (smaller) solicitations for the purpose of avoiding open competition constitutes misconduct and may lead to disciplinary measures.

6.2.3 **Direct Contracting.** Direct contracting (sometimes referred to as single sourcing), can be used in certain circumstances. In this case, UNRWA may solicit an offer from one or more identified vendor(s) for a particular procurement action.

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

The following necessary and basic procurement actions are therefore still required:

a. Writing the Specifications, TOR, or SOW;
b. Soliciting a Proposal or Bid through a letter from UNRWA directly requesting the selected vendor to submit an offer based on the Specification, TOR, or SOW;
c. Carrying out the technical and financial evaluation of the offer;
d. Submitting the recommend award for review by the Awarding Authority or the Procurement Review Committee as appropriate; and

e. Award of the contract by the appropriate Awarding Authority

More details on the specific circumstances under which direct contracting can be used are included in Section 6.8.

### 6.3 Solicitation Methods

A solicitation is a request to suppliers to offer a bid, quotation or proposal. There are four methods available to solicit an offer from a vendor: Low value procurement (‘shopping’), request for quotation (RFQ), invitation to bid (ITB) or request for proposal (RFP). The first two are considered informal methods and the latter two (ITB, RFP) formal methods of solicitation.

The Procurement Officer will determine the appropriate solicitation method to be used based on a number of factors, such as market conditions, the complexity and nature of the requirement, i.e. goods, services or works, and monetary value. Exigencies and emergencies might also have an effect on the choice of solicitation method and the procedures followed. The table below shows an overview over the solicitation methods and the associated evaluation methods and envelope system (one envelope vs. two envelopes) used by UNRWA. It is important to note that the Procurement Officer can always choose a solicitation method in a higher value bracket if deemed appropriate for the circumstances, e.g. conduct an ITB for a value for which an RFQ would suffice. When a template for a solicitation method exists (RFQ, ITB, RFP), it must be used. Current templates can be found in the [UNRWA intranet](https://intranet.unrwa.org) and CSSD can be contacted for support.

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### Solicitation method | Value | Requirement | Evaluation method | Envelope system
---|---|---|---|---
Request for Proposals (RFP) | Equal to or more than USD 60,000 | Requirements for goods, services or works that cannot be expressed quantitatively and qualitatively or complex requirements that may be met in a variety of ways | Cumulative analysis | Two envelopes (separate financial and technical)

#### 6.3.1 Micro Purchases and Low Value Procurement

Low Value Procurement (which includes Micro Purchases) is an informal method of solicitation. It is a method based on the comparison of prices obtained from potential vendors, received orally or in writing. Low Value Procurement can be used for any requirement but is most suitable for readily available off-the-shelf goods or standard specification commodities.

Prior to engaging in low value procurement, the requisitioner should check whether available Long-Term Agreements (LTA) or Blanket Purchase Agreements (BPA) can satisfy the need. If such LTAs or BPAs exist and provide value for money, they should be used.

The personnel conducting the procurement obtains three offers in writing (including through internet research) or, in exceptional cases, orally. Prices obtained shall be recorded and care must be taken that those prices which have been taken orally are signed off by the Awarding Authority and duly filed, possibly attaching in REACH when issuing the related Purchase Order.

For the specific case of purchases under the Micro Purchase threshold, the previous paragraph does not apply. No price comparisons or documentation are mandatory and the requisitioner can purchase directly. The requisition must have the interests of UNRWA at the basis of the procurement decisions, i.e. also under the Micro Purchase threshold shall the requisitioner try and achieve value for money for UNRWA. All other provisions of this section also apply to Micro Purchases.

Price research is done by informal, pragmatic and reasonable means, such as telephone calls, internet or shop/site visits. The preference is always to have prices indicated in writing, e.g. through an email or a printout of the internet site or even a photo from visiting a shop. At least three suppliers must be compared. Should it not be possible to compare three suppliers, the reason must be recorded in writing.
If duly authorized by a Delegation of Authority, procurement under the Low Value Procurement threshold is delegated to the user departments / requisitioners who conduct low value procurement independently and without involvement of CSSD or FPLO. The requisitioners are responsible for applying the UNRWA procurement principles of best value for money, fairness, integrity and transparency, effective competition, and the interest of UNRWA and the Palestine Refugees.

All ethical principles also apply under the Low Value Procurement threshold, in particular is it prohibited to split requirements to circumvent competitive bidding. Under no circumstances shall the requirements be split into multiple solicitations or combined between RFQs and low value procurements for the same or related requirement to avoid a formal method of solicitation. If the estimated value of the requirements exceeds the low value procurement threshold, the requirement shall be submitted for procurement action through the established procedures.

Should it be identified that low value procurement is being used repeatedly within the same year to buy similar requirements by the same office/unit or several offices/units, efforts should be made to aggregate the requirements and conduct a solicitation exercise, with the aim to replace the use of low value procurement with a Contract, LTA or a BPA as practicable.

Unless otherwise specified, the provisions of this Procurement Manual also apply to low value procurement. In particular, this applies to the mandatory application of corporate-wide standards (e.g. for IT equipment), quality requirements (e.g. for medical and pharmaceutical goods and services), or safety and security related equipment. When such standards or requirements exists and are issued by the respective technical department, these also need to be applied under the Low Value Procurement threshold.

More information on Micro Purchase Orders is available in Section 11.8.

6.3.2 Request for Quotations. A Request for Quotation (RFQ) is an informal method of solicitation used for procurement of goods and services where the requirement is clear and specific and for construction if it is a simple and clearly defined specification. When using an RFQ, limited competition can be applied, i.e. a number of shortlisted vendors are invited to submit a bid (see Section 5.8 above for details on shortlists). Whenever possible, Procurement Officers should consider inviting women-owned or disability-inclusive vendors or other special interest groups.

When using limited competition, a sufficient number of vendors must be invited with the target to obtain at least three qualified offers. Should it not be possible to obtain three quotations, a justification needs to be provided why open competition was not used.

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4 This does not mean that there is an annualized cap per category as there may be genuinely independent needs arising during the course of a year. The requisitioner is advised to engage with procurement during the annual procurement planning cycle in order to – to the extent possible – establish a procurement plan which will enable UNRWA to achieve value for money.
It is mandatory that each RFQ has a clearly defined submission deadline which must be specified in the RFQ document and communicated to all prospective bidders. Quotations in response to an RFQ must be received in writing. Procurement Officers may receive the offers directly, either by mail or e-mail. Awards are made based on the lowest priced, most technically acceptable evaluation methodology.

The UNRWA RFQ template must be used.

6.3.3 Invitation to Bid. An Invitation to Bid (ITB) is a formal method of solicitation where bidders are invited to submit offers for the supply of goods, services or construction. In general, ITBs are used when the requirements for goods, services or works are clear and specific and can be completely specified. They are most frequently used for the procurement of goods. An ITB can either define the minimum requirements goods or services have to meet or outline a range of acceptable requirements. ITBs must have a clearly defined submission deadline, which must be specified in the ITB document and communicated to all prospective bidders.

At UNRWA, ITBs are conducted using a one envelope system in which technical and financial bids are received in one envelope. Bids received in response to an ITB must be received by a person not directly involved in the procurement process and are opened by a tender opening committee. The price information in the bid shall be separated from the technical offer.

Electronic systems such as e-tendering systems may be used to administer such separation and opening of technical and financial bids.

Contracts are awarded on the basis of the lowest priced most technically acceptable offer evaluation methodology.

The UNRWA ITB template must be used.

6.3.4 Request for Proposal. A Request for Proposals (RFP) is a formal method of solicitation where bidders are invited to submit an offer to supply goods, services or construction works. Offers received in response to an RFP are called proposals. An RFP is used when requirements cannot be expressed quantitatively and qualitatively (e.g. consulting or similar services) or for the purchase of complex goods or works where the requirements may be met in a variety of ways and an evaluation based on cumulative analysis is most appropriate. RFPs are typically used for values over the monetary threshold for RFPs as per the table above but can also be used for lower values as appropriate.

An RFP requests a technical proposal that offers a solution to the requirements specified in the solicitation documents. A separate financial proposal indicating all costs associated with carrying out the technical proposal is also sought. In response to an RFP, bidders must submit the technical and financial details in separate envelopes (two-envelope system). The purpose of the two-envelope system is to make sure the technical evaluation focuses solely on the contents of the technical proposals without influence from the financial proposals. Proposals must be received
by a person not directly involved with the procurement process and are opened by a tender opening committee.

Electronic systems such as e-tendering systems may be used to administer such separation and opening of technical and financial bids.

The evaluation criteria are established in the RFP by identifying the technical and financial evaluation factors. Each RFP determines which weight to be assigned to the technical and financial aspects of the proposal. Weightings of technical and financial proposals may be in 60% technical - 40% financial (most commonly used). The lower the weight of the financial offer is, the higher the price could be of the most responsive offer. From another perspective, the higher the technical score is set, the more important it is for the Agency to identify the optimal and best technical solution relative to the associated costs.

Weighting needs to be considered on a case-by-case basis to achieve the appropriate balance. The applicable balance between the various evaluation criteria must be established before the RFP is issued, and expressly stated in the solicitation documents. In addition, the RFP must state a minimum passing threshold in terms of percentage of the total points of the technical proposal (normally at least 60% of total points) which will determine if the proposal is deemed technically responsive and if it will be subject to the financial evaluation.

Proposals are evaluated, ranked and awarded according to the ‘cumulative analysis’ evaluation methodology, defining best value as the paramount overall benefit when considering technical and financial factors. The contract is awarded to the qualified contractor whose proposal is considered to be the best value (technical and financial) and the most responsive to the needs of UNRWA.

The UNRWA RFP template must be used.

### 6.4 Solicitation Documents

Solicitation documents serve to communicate UNRWA’s specific requirements to all interested bidders. Besides being as concise as possible, they must contain all data and appropriate provisions that are necessary for bidders to understand UNRWA’s needs and put the bidders in a position to prepare a suitable offer. It is crucial that all relevant data concerning the requirements and demands to the vendors are presented at this stage and included in the solicitation documents. No changes to the solicitation documents may be introduced after the deadline for submitting offers has been reached and the solicitation process has been completed.

UNRWA standard templates must be used when soliciting offers from vendors through RFQ, ITB or RFP and these are available on the [UNRWA intranet](https://intranet.unrwa.org). The standard documents are templates, which contain UNRWA mandatory requirements, and terms and conditions customized to fit the specific procurement method being undertaken. The templates are to be completed with the details applicable to each solicitation process. The specific contents of the solicitation documents
will vary according to the nature and value of the requirements, but all of the templates are similarly structured.

The Procurement Officer is responsible for preparing the solicitation documents of which the description of the requirements (technical specifications, Terms of Reference or Statement of Works) become an integral part.

Any material changes in the standard paragraphs of the solicitation documents, including the annexes, require prior clearance by the Head, Policy and Compliance Monitoring Section, CSSD who may consult with Chief, CSSD and DLA as appropriate. Furthermore, documents must not include any standard text, requirements or conditions that contradict the UNRWA general terms and conditions.

All solicitation documents must be published as accessible documents, which means that people with disabilities can access, read, and understand the document without any barrier. A basic accessibility check is built into any Microsoft office product which can be used to identify and remediate the most common accessibility issues. This can be achieved by completing an accessibility check (in MS Office products available under “Review”, “Check accessibility”) and by fixing all accessibility errors and, where possible, fixing accessibility warnings. The Procurement Officer needs to run as a minimum the standard built-in accessibility check on each document. Additionally, Microsoft has an established disability answer desk which can be approached with any question on accessibility. The disability answer desk is continuously available and serviced mostly by persons with disabilities who are experts on the subject of accessibility. The disability answer desk can be reached through: https://support.microsoft.com/en-us/accessibility/disability-answer-desk.

The Awarding Authority must authorize the solicitation documents before they are issued (see Section 2.4 for details).

6.5 Components of Solicitation Documents

Solicitation documents are written documents consisting of the following components:

1. Letter of invitation and instruction to bidders (Section 6.5.1)
2. Requirement definition (Section 6.5.3)
3. Contractual information (Section 6.5.4)
4. Offer submission forms (Section 6.5.5)

While the details and complexity of solicitation documents may vary according to the nature and value of the requirements, each solicitation must contain all information and appropriate provisions that are necessary for bidders to understand UNRWA’s needs and to prepare a responsive offer. Thus, the solicitation documents must include all information concerning a specific requirement and procurement process. As no new requirements can be introduced or existing ones must not be changed after the deadline for submission offers has been reached it
is crucial that all relevant information is presented at this stage and that solicitation documents are drawn up carefully.

The information contained in the following subsections should be included in the various components of the solicitation documents. The information is either already included in the UNRWA standard templates or must be filled in before issuance of the solicitation documents.

6.5.1. Letter of invitation and instruction to bidders

(a) Invitation to offer, including reference to the specific procurement requirements (title and reference number) and a list of supporting documents which are included in the solicitation.

(b) Description of the procurement activity which should include all information necessary to prepare a responsive and meaningful offer such as the context and possibly background of the procurement activity and the intended purpose of the requirements.

(c) Pre-bid clarifications / site visits: The solicitation documents must communicate to the vendors any information about the location, date and time of any pre-bid conference or site visits that will be conducted as part of the procurement process and whether participation is mandatory. The pre-bid conference is an open forum during which questions from potential vendors are addressed. The questions raised prior to and during the meeting and the respective answers are documented and distributed to bidders through direct notification to vendors that attended and by posting it online if open competition is used. For works, it is recommended to hold a pre-bid conference and thereafter the site visit to clarify to the vendors not only the salient technical and financial requirements in the solicitation documents but to also familiarize the vendors with site conditions so that the vendors can provide their offers from an informed perspective. A better understanding of the Agency’s expectations and the required contract management will lead to a better quality of bid and reduce misunderstandings that might delay project execution. Site visits afford prospective bidders the opportunity to obtain a clearer and deeper understanding of the requirement.

(d) Alternative offers: Alternative offers are offers that do not comply with the exact requirements of the tender, or which may represent an improvement over the original offer in terms of exceeding the minimum performance parameters of the request and are proposed by vendors as an optional way of fulfilling the needs of the end user. The solicitation document must specify whether alternative offers are acceptable (which is usually the case for RFPs). In any case, alternative offers not complying with the mandatory criteria must not be considered.

(e) Split orders: Information regarding whether or not partial offers are acceptable, and whether split orders will potentially be issued must be included in the solicitation documents.
(f) **Method of evaluation and evaluation criteria** including each criterion and what needs to be provided by the bidder in order to obtain the full score. The evaluation must be carried out pursuant to the criteria specified. Evaluation criteria cannot be changed after solicitation documents have been issued. More details on evaluation criteria are contained in Section 6.5.2 below.

(g) **Instructions for preparation and submission of offers** in order to convey all relevant elements governing the preparation and submission of offers. The instructions must include a list of documents required to form a complete offer, as well as notice to vendors that offers may be rejected unless compliant. The instructions should always include the permissible modes of submission (electronic – electronic or via an e-Tendering system - or via physical hard-copy), address (electronic or physical mailing address), and instructions on how the offers should be packaged (sealed, number of copies, etc.). The use of electronic / digital processes to manage the procurement process, e.g. through an e-Tendering or generally e-Procurement system, is the default method of submission at UNRWA.

(h) **Deadline for submission of offers**, i.e. date, time, means and place for submission must be clearly stated, together with the location, date and time for the opening of offers. The deadline for submission should allow vendors a sufficient number of days to prepare and submit an offer. The closing date for the submission of offers will be determined by the Procurement Officer in consultation with the requisitioner. Usually, the more days which are available to the bidders to prepare their offers, the more likely it is that they can provide responsive offers.

The minimum solicitation periods are stated below (and exclude the date the solicitation documents are issued but include the closing date):

<table>
<thead>
<tr>
<th>Solicitation document</th>
<th>Minimum offer period (working days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFQ &amp; ITB when using limited competition</td>
<td>3 days</td>
</tr>
<tr>
<td>ITB when using open competition</td>
<td>10 days</td>
</tr>
<tr>
<td>RFP</td>
<td>15 days</td>
</tr>
</tbody>
</table>

If due cause exists, the Awarding Authority can authorize a shorter solicitation period. However, the Procurement Officer must justify the decision for waiving the minimum day requirement in a note to the file (or Source Selection Plan) that describes the reasons and explains how the requirement for competition has been met despite the shortened solicitation period. The note to the file must also confirm the availability of the evaluation team members immediately after the end of the solicitation period. However, for works, a shortened bid period is usually not recommended. This is especially true for large works and lump sum contracts as in both circumstances a bidder will need to calculate quantities,
obtain quotes from subcontractors or obtain necessary clarifications from authorities to undertake certain works.

The Procurement Officer, in consultation with the requisitioner, may also extend the closing date for submission of offers if deemed appropriate to invite more vendors to participate. When extending the closing date, the Procurement Officer must notify all vendors of the extension using the same media / websites used for the solicitation documents. Under no circumstances may the closing date be changed to an earlier date. The minimum solicitation periods in the table above do not apply when soliciting offers under direct contracting nor under Emergency Procurement Procedures.

(i) **Payment terms:** The solicitation documents must specify the payment terms.

i. The payment terms are usually either net 30 days or net 45 days upon receipt of invoice as well as receipt and acceptance of goods or services, or upon receipt of required shipping documentation, depending on the Incoterm used. For construction and maintenance works, the payments terms are usually net 20 days or as defined in UNRWA Standard Building Contract which is available on the UNRWA intranet;

ii. No advance payments should be made, except when deemed regular practice in the industry and only in accordance with UNRWA policy on advance payments. For instance, advance payments are common practice for some construction and maintenance works and are allowed in accordance with Section 13.5 and the UNRWA Standard Building Contract. Note that progress payments are common practice for services and works and that these are fundamentally different from Advance Payments;

iii. If the price of the commodities is likely to fluctuate over time, e.g. petroleum products, metal products, and it is UNRWA intention to issue a contract based on a price formula, such as the Platts index or London Metal Exchange (LME), the price formula must be clearly specified in the solicitation documents and the wording for the same must be cleared in advance by DLA.

(j) **Liquidated damages:** If applicable, UNRWA may inform on the solicitation document that it will deduct from the contract price, as liquidated damages (for goods and services) or delay damages (for works), a sum equivalent to a percentage of the original total Contract price (normally 0.1% - 0.3%)\(^5\) for each day of delay until actual delivery or performance, up to a maximum deduction (normally 10%). Once the maximum is reached, UNRWA may terminate the Contract pursuant to the Conditions of Contract, after clearing the contract termination through DLA (for HQ contracts) or the Head, FLO of the relevant field (for field contracts). For the calculation of liquidated damages in construction and maintenance works, please also refer to ICIP Technical Instruction No. 01. For further details on liquidated damages, see Section 13.3.

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\(^5\) This is usually set to 0.1% for construction and maintenance works as ICIP Technical Instruction No. 01.
(k) **Currency of offer and exchange rate**, i.e. either (i) the solicitation documents specify clearly the currency in offers are to be submitted or (ii) if the currency is not fixed, the solicitation documents specify in which currency UNRWA will evaluate the offers and that in case offers received in another currency, UNRWA will use the UN official rate of exchange applicable at the date of the bid submission deadline to compare the offers. The UN official rate is available online at the [website of the UN Treasury](https://www.un.org/sections/un-treasURY/).

(l) **Taxes and Duties**: Article II, Section 7, of the Convention on the Privileges and Immunities provides, inter alia, that the United Nations, including UNRWA as a subsidiary organ, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs restrictions, duties, and charges of a similar nature in respect of articles imported or exported for its official use.

(m) **Instructions on required offer validity** which means requesting vendors to keep their offers valid for a specific number of days – typically between 60 and 90 days for goods and minimum 90 days for services and works. It is important that UNRWA concludes the evaluation and award within this period. If it is foreseeable that UNRWA will not be able to conclude the award within that time period, bidders may be requested for an extension of the validity period of their offers.

(n) **Bid/proposal security**: The purpose of a bid/proposal security is to discourage frivolous and irresponsible offers that have an adverse impact on the procurement process in terms of additional cost for re-tendering and evaluation, and possible delays in implementation. The risk and benefits of using bid/proposal securities should be carefully considered as providing such a security presents a cost to the bidder which the bidder will need to factor into its price. Therefore, the use of bid/proposal securities should be limited to cases where the below risks have a realistic chance of occurring. Bid/proposal securities can be requested by UNRWA to mitigate the following bidder related risks:

i. Withdrawal or modification of a bid or proposal after the bid receipt deadline;

ii. Failure to sign the contract;

iii. Failure to provide the required security for the performance under the contract after a bid or proposal has been accepted;

iv. Failure to comply with any other conditions prior to signing the contract specified in the solicitation documents.

When used, the bid security shall be in the amount and form specified in the solicitation documents. Further, the bid security shall remain valid for a period that provides sufficient time to UNRWA in the event the security has to be cashed, i.e. until the date of expected contract signature as per paragraph o of this section.

A bid security shall be released to unsuccessful bidders once the contract has been signed with the winning bidder.
Calculation of the value of a bid/proposal security must consider the costs of evaluating offers and re-tendering. For reference purposes, the value of the bid/proposal security could range between 0.5% and 4% of the expected contract amount, however the bid/proposal security must always be stated as a specific lump sum rather than as a percentage of the bid amount (to avoid signalling the budget estimate) except for solicitation processes with multiple lots if this approach is not practical. Normally, an amount corresponding to USD 5,000, USD 10,000, USD 20,000 or USD 50,000 is recommended, depending on the complexity and expected amount of the solicitation process. Securities represent a cost to the bidder and therefore it is essential they are set at a level that will not discourage participation in the tender process.

The bid/proposal security is normally in the form of a bank guarantee. Other forms (e.g. a bond, a demand draft, cashier’s cheques or irrevocable cheques certified by a bank) may also be used if relevant. The acceptable formats must be indicated in the solicitation document along with relevant templates.

The Procurement Officer determines whether or not to require for a bid/proposal security, also considering the benefits and drawbacks of requiring bid/proposal security. A bid/proposal security may be useful when the following circumstances prevail:

- High value of goods, works or services to be purchased;
- Urgency of the request, e.g. goods must be in the country or works to be constructed before the rainy season;
- Emergency, i.e. life and death situations;
- High risk of offer withdrawal due to market conditions, increasing raw material prices, country instability, etc.;
- Lengthy procedures, i.e. contract cannot be placed within a relatively short period.

(o) **Performance security:** Performance securities can be requested by UNRWA from the selected vendor in order to mitigate the risk of supplier non-performance and breach of contractual obligations (such as delivery of all equipment, services rendered, and works completed as per the contract).

Securities and guarantees are normally issued in the form of a first demand unconditional and irrevocable on-demand bank guarantee following the International Chamber of Commerce (ICC) Uniform Rules for Demand Guarantees (URDG). Other forms (e.g. a bond, a demand draft, cashier’s cheques or irrevocable cheques certified by a bank) may be used prior to review by DLA and Department of Finance. The acceptable formats must be indicated in the solicitation document along with relevant templates.

The value of the performance security may vary, depending on the nature, risk and magnitude of the works, services or goods to be provided under the contract. It usually equals a certain percentage (varying from 5% to 10%) of the contract amount.
For contracts of works, the amount of the performance security and the retention should be seen in parallel. Normally it is advisable 5-10% of the contract value for retention, and 10% of the contract value for performance security – depending on the project, the risk, the contractors etc.

The performance security should reflect the value of the assessed risk and subsequent loss to UNRWA should the contractor fail to fully perform under the respective contract. This would be dependent on the market, situation, local working conditions, political and economic situation of the project location. For instance, a simple project with known contractors would attract a lower percentage; a complex project with unknown contractors would attract a higher percentage. The higher the percentage, the less attractive it is to bid and also the offered price is likely to be higher. Realistic performance guarantee values should therefore be set.

In the case of UNRWA contracts for works, unless otherwise specified in the contract, the contractor shall deliver the security for performance to the employer within 14 days after the date of the contract (or commencement date).

The Procurement Officer determines whether or not to require for a performance security, also considering the benefits and drawbacks of requiring performance securities and recognizing that a performance security also adds costs to the bidder and will lead to higher overall prices of the received bids. Performance securities are often used when the following circumstances prevail:

- High value of goods, works or services to be procured;
- Urgency of the request, e.g. goods have to be in the country or works to be constructed before the rainy season;
- Emergency (life and death situations);
- Price of raw material is increasing (i.e. risks that suppliers withdraw their bid is higher);
- Large variety of products to be covered under the contract (risk of failure to deliver);
- Delicate products (high risk of damage during handling);

(p) **Advance payment security:** A guarantee for advance payment can be requested by UNRWA from the supplier when the supplier requests an advance payment to cover its mobilization costs (typically in case of contracts for works or services). If a performance security or advance payment guarantee is requested at the time of contract signature, the solicitation document must specify the requirements, including the deadline for provision of the security/guarantee as well as the applicable format.

An advance payment security is mandatory when the value of the advance payment to be paid exceeds USD 50,000 but is also recommended for smaller amounts of advance payments.
Note that progress payments are something different from Advance Payments. Performance securities and advance payment guarantees serve different purposes at different stages of the procurement process. As such, they are not mutually exclusive and they shall be requested as and when required.

(q) **UN Supplier Code of Conduct:** The documents must reference the UN Supplier Code of Conduct, which is available in six languages on the [UN Procurement Division website](https://www.un.org), and indicate that by submitting an offer, the bidder agrees to comply with the UN Supplier Code of Conduct. The UN Supplier Code of Conduct also needs to be accepted when vendors register with the United Nations Global Marketplace.

(r) **Amendments/Modifications:** Solicitation documents must stipulate that any additional information, clarification, correction of errors or modifications of bidding documents will be distributed and detailed in a written notification to bidders prior to the deadline for receipt in order to enable bidders to take appropriate actions. This will be done by notifying in writing all bidders that have received the solicitation document directly from UNRWA if the solicitation process followed limited competition and by posting the amendments online if further to open competition. Similarly, all vendors must be informed of the right to modify or make corrections to bids or proposals, provided that any such modification or corrections are received by UNRWA in writing prior to the deadline of submissions.

(s) **Bid protest procedures:** The solicitation documents shall contain a paragraph informing potential vendor of the independent bid protest mechanism in place at UNRWA.

(t) **Contact information for queries:** It must be clearly stated to whom the bidders can reach out in case of questions. This must be the procurement personnel in charge of the procurement case. Specific care must be given regarding the handling of queries.

UNRWA encourages that suppliers are inclusive of persons with disabilities. A disability-inclusive supplier is a supplier which makes a dedicated, consistent, and measurable effort to implement disability-inclusive practices. Suppliers can show that they are disability-inclusive through a variety of means such as, for instance, having an organizational policy on disability inclusion, recruiting and hiring people with disabilities, offering reasonable accommodation to candidates and personnel with disabilities, providing accessible premises, ensuring that their supply chains are disability-inclusive, or manufacturing accessible products following Universal Design principles. Letter of invitation can additionally include this encouragement to vendors to implement disability-inclusive practices.

### 6.5.2. Evaluation criteria

Solicitation documents must state the evaluation method according to the solicitation method selected, i.e. RFQ/ITB – lowest priced, most technically acceptable offer; or RFP – cumulative analysis. In addition, the solicitation documents must state the evaluation criteria, including as applicable:
• Formal and eligibility criteria;
• Qualification criteria;
• Technical criteria;
• Financial criteria.

The evaluation criteria shall be appropriate to the type, nature, market conditions, and complexity of what is being procured, and should be clearly specified in detail in the solicitation document. Evaluation criteria should be designed to enable UNRWA to achieve best value for money. Once the evaluation criteria have been drafted, procurement practitioners may perform a simulation applying the developed evaluation criteria to various probable situations expected to be encountered in the evaluation process. The objective of the analysis is to demonstrate the adequacy of the criteria to the given requirement and market.

The evaluation must be carried out pursuant to the criteria specified. In order to ensure fairness and transparency, it is extremely important that all criteria to be considered in the evaluation are clearly defined in the solicitation documents and not altered after the solicitation documents have been issued.

6.5.2.1 Formal and eligibility criteria. Examples of formal criteria are:

• The offer is accompanied by the required documentation, including the bid submission form, with signatures in the key portion of the bid form when this is clearly specified in the solicitation documents;
• The offer includes all non-historical documents as required in the solicitation documents. A non-historical document is a document specifically related to the procurement and one that the bidder could not be expected to possess before the solicitation document was issued, e.g. a bid security.
• The offer is accompanied by the required securities when applicable;
• The offer includes evidence of acceptance of the relevant UNRWA General Conditions of Contract (GCC);
• The offer includes evidence of acceptance of other important conditions, e.g. performance security, warranty, delivery schedule and payment terms.

Examples for eligibility criteria are:

• The vendor does not have any conflict of interest;
• The vendor is not included in any of the identified ineligibility lists;
• The vendor is not currently suspended from doing business with UNRWA and removed from its vendor database(s), for reasons other than engaging in proscribed practices.

Please refer to Section 3.3 for further details on vendor ineligibility.

6.5.2.2 Technical qualification and technical criteria.
Technical qualification criteria

Technical qualification criteria, when included in a solicitation document are evaluated on a pass/fail basis, regardless of whether the solicitation document is an RFQ, ITB or RFP.

The extent of the supplier’s qualification criteria must be reasonable and must consider the value of the contract and the complexity of the solicitation. The following aspects could be considered:

- Legal and regulatory requirements such as registration certificates, licences, standards etc.;
- Technical capability and experience;
- Successful past performance experience;
- Previous experience in a similar field and with the same or similar type of requirements;
- Minimum requirements regarding value of previous contracts;
- Experience in the region;
- Available capacity and equipment to undertake the assignment;
- Availability of after sales services or agents in the country of delivery;
- Qualification and experience of proposed personnel;
- Managerial capability such as the company’s managerial structure and quality assurance systems in place;
- Evidence that the bidder is in continuous business of providing similar goods/works/services to those offered during a number of years prior to the bid opening date;
- Institutional and workload capability such as capacity and availability of production site, staff etc.;
- Experience in delivering the social and sustainability requirements described in the tender documents;
- Operation’s sustainability controlled according to formal management systems (i.e. dealing with social, environmental, health and safety performance), with or without international third-party certification;
- Demonstrated organizational commitment to sustainability;
- The bidder is a women-owned enterprise or a disability-inclusive supplier

Technical criteria

Depending on how clearly the requirements are defined, technical and qualification criteria are developed for evaluation according to pass/fail basis regarding the compliance to the specifications and other requirements (in RFQs and ITBs) or by scoring points/rated criteria (in RFPs).
When using the cumulative analysis evaluation method, technical evaluation criteria are related to the approach and methodology proposed to reach the expected results or solve the identified problem as described in the requirement definition (TOR or SOW). In these cases, the solicitation documents must clearly state the evaluation criteria and the required information to reach the highest score. A detailed breakdown of percentage or points allocated to each overall criterion (e.g. experience: xx points, approach and methodology: xx points, qualifications and competence of proposed personnel: xx points) is not required.

In addition, UNRWA may consider including a number of technical points for interviews/oral presentations for all bidders or those that have achieved a minimum number of points upon evaluation of the documentation submitted. This should be done for complex processes (e.g. new LTAs), because it has a resource cost for both UNRWA and the vendors. It is important to manage the process properly, and in particular, ensuring the RFP includes wording on the purpose of the presentations, which is normally to validate the information provided by the offeror in their proposal and to test the offeror’s understanding of the work. Bidders should be given a reasonable number of days notice to prepare for interviews/oral presentations.

6.5.2.3 Financial criteria. Price is an important evaluation criterion but the weight of the price depends on the chosen evaluation methodology. It is important to clearly state in the solicitation documents which price factors will be used for evaluation. Various factors such as freight cost, operational cost, incidental or start-up costs, as well as life cycle costs could be taken into consideration. For services and works a template for breakdown of cost should be provided e.g. in Bill of Quantities for works.

In all cases, required breakdown as well as evaluation criteria must be clearly stated in the solicitation documents. Only the price factors stated in the solicitation documents will be considered in the financial evaluation.

Important considerations:

UNRWA may state in the solicitation document that the financial evaluation will take into account the Total Cost of Ownership (TCO). The TCO of a product typically takes into account costs associated with the purchase and use of the product and may include:

- Product cost (initial cost);
- Freight cost;
- Operational cost (e.g. electricity, fuel, consumables);
- Installation and training cost;
- Maintenance cost (e.g. after sales services, repair, spare parts);
- Disposal cost or residual value at end of use.

TCO should be used when the costs of operation and/or maintenance over the specified life of the goods or works are estimated to be considerable in comparison with the initial cost and may
vary among different offers received. Selection of the lowest priced offer based on TCO can lead to win-win situations when cost savings go hand-in-hand with better overall sustainability. When using TCO, the solicitation document shall specify:

- Number of years for the TCO consideration, i.e. the number of years that the product or service is expected to be used;
- The discount rate, in percent, to be used to calculate the net present cost of future costs over the TCO period specified above, if applicable;
- The methodology to be used for calculating the operation, maintenance and residual value costs, including the information to be provided by bidders in their offers.

When including freight in the specifications, evaluation must be made on the total cost delivered to final destination (‘landed cost’). UNRWA reserves the right to seek freight quotations from freight forwarders and make the award to the bidder whose landed cost is lowest after adding their FCA price to the freight quotation obtained by UNRWA.

6.5.3. Requirements definition

(a) **Technical specifications, Terms of Reference or Statement of Works:** In order to prevent misunderstandings and disagreements with vendors at the time of contract execution, it is important to clearly state and describe the performance expected from the vendor. Ambiguous performance requirements may lead to increased costs, as bidders may have to factor into their bid a contingency or risk buffer. Depending on the nature of the procurement activity, the requirements are stated in the form of technical specifications, TORs, SOWs, design documents, or TORs for design services for works. For more details on writing requirements, see Section 4.2.

(b) **Delivery date for goods** or starting/completion dates for deliveries of services.

(c) **Mode of transport:** When procuring goods, the destination(s), and mode(s) of transport shall be included. For services, the destination shall be specified. INCOTERMS 2020 shall be used to specify the delivery of goods.

6.5.4. Contractual information

(a) **UNRWA general conditions of contract** for the relevant contract type must be included in the solicitation documents and these can be found in the UNRWA model contract template. The general conditions of contract clarify which conditions the vendors need to accept when signing a contract with UNRWA. UNRWA always reserves the right to make adjustments to these general conditions of contract on a case-by-case basis.
(b) **Information about any material special terms or conditions**, if applicable and cleared, as appropriate, by DLA (for HQ procurement) or the Head, FLO of the respective field (for field procurement).

(c) **For services and works**, the relevant UNRWA template for the resulting contract must be included in the solicitation documents. These contract documents will allow vendors to know the terms and conditions of the specific agreement before submitting an offer and understand the type of contract they would be expected to sign if selected as a vendor to UNRWA.

(d) **For goods**, the relevant packing and shipping instructions should be included with the solicitation documents, as applicable. These instructions are fundamental to the vendor when bidding, as they include specific and clear information regarding packaging, marking and numbering of the shipment, notification of shipment, documentation required for custom clearance and payment purposes and invoicing.

(e) **Reservations to UNRWA’s general terms and conditions**: The documents must state that bidders must submit any reservation to UNRWA’s general conditions of contracts together with their bids and that failure to submit such reservations is deemed as an acceptance of the general terms and conditions in full. Reservations may lead to disqualification of the bids.

### 6.5.5. Offer submission forms

The solicitation documents shall specify clearly which forms and/or specific information on which forms are required to form a valid offer. The solicitation document must include specific forms/schedules to be filled out by vendors and included in their offer. The term ‘form’ is normally used in the context of solicitation of goods and services, whilst ‘schedule’ in solicitation of works. The number and specific forms/schedules to be included must be in accordance with the complexity of the requirements and solicitation method selected (e.g. RFQ templates have less forms/schedules than ITB/RFP as the latter are formal methods of solicitation).

### 6.6 Invitation of Vendors

After the solicitation documents have been prepared and completed, the following steps must be undertaken before the documents are distributed.

#### 6.6.1. Approval of solicitation documents. The solicitation documents and the short list of invited vendors (applies only when using limited competition – open competition is the default method of competition at UNRWA) must be approved by an appropriate Awarding Authority and this must be documented in the procurement case file.

#### 6.6.2. Distribution of solicitation documents. The solicitation documents shall be issued and distributed at substantially the same time to all vendors, by mail, courier or email. The documents
are made available electronically on [UNGM](https://ungm.un.org) unless limited competition is used. When publishing the solicitation documents on the UNGM, the Procurement Officer also needs to identify if any considerations of sustainable procurement have been incorporated into the requirements. The Procurement Officer selects the relevant indicators from the Sustainable Procurement indicators framework which has been incorporated into the UNGM (more details on the Sustainable Procurement indicators framework is available on the UNGM). The objective is to incorporate at least one criterion from each of the three areas of sustainability (environment, society, economy). See also Section 4.2.2 for more details.

Additional to publication on the UNGM, the documents may also be made available on the UNRWA website and may be sent directly to potential bidders.

In the case of limited competition, where only selected suppliers may participate in the solicitation, the Procurement Officer makes the solicitation documents available to shortlisted suppliers. The Procurement Officer documents in the procurement case file how, when and to whom the solicitation documents were issued.

In the case of direct contracting (waiver of competitive bidding on grounds other than low value procurement), an offer is requested from only one bidder. Although the direct contracting modality waives the competitive process, this method does not diminish the responsibilities and accountabilities of personnel involved in the procurement process. Under direct contracting, a contract must still be awarded to a vendor whose offer substantially conforms to the requirements at a reasonable price.

The following procurement actions shall still be required: (a) writing the requirements definition; (b) soliciting an offer from the selected vendor based on the requirements definition and the UNRWA General Conditions of Contract; (c) evaluating the offer and carrying out negotiations if applicable; and (d) awarding the contract through the appropriate Awarding Authority, including prior review by procurement review committee as applicable. The use of standard solicitation documents when requesting an offer in (b) above is not necessary. However, in order to facilitate the evaluation process, the Procurement Officer can request the supplier to provide information on either a simplified solicitation document or directly through relevant returnable forms/schedules from the solicitation templates.

### 6.6.3. Confidentiality of the short list

In order to safeguard the principle of competition and fairness, UNRWA shall not disclose the names of any shortlisted vendors in limited competition. When distributing the solicitation documents in electronic format, this can be achieved either by sending the solicitation documents to each vendor individually or by sending it to the vendors using the BCC field in the Email application. The Procurement Officer never puts different bidders’ email addresses into the TO field or CC field together.
6.7 Communication with Vendors / Bidders

6.7.1. Queries from vendors, pre-bid conference and site inspection. During the solicitation period, no communication regarding the contents of the solicitation documents or the offers is permitted between the potential vendors and any UNRWA staff, except through the methods of handling queries described below.

Queries from bidders must be addressed to the contact point specified in the solicitation documents only, which is usually the Procurement Officer. Queries from bidders must be submitted in writing and/or by a pre-bid conference.

Bidders seeking clarifications by phone should be informed that questions need to be submitted in writing in order to ensure fairness to all bidders. When bidders deliberately seek potentially confidential information through means other than the contact point specified in the solicitation documents (e.g. through the requisitioner), this could be viewed as a proscribed practice and may lead to disqualification of the offer and potential sanctioning of the vendor. Should such behavior be observed, it needs to be reported to the relevant Awarding Authority or the Chairperson of the VRC.

Bidders requiring clarifications to the solicitation documents must submit their queries in writing to UNRWA. UNRWA will prepare and dispatch written replies to such queries. Preparation of responses to the queries will usually be a collaboration between the Procurement Officer and the requisitioner. The requisitioner will provide input to substantive questions on the requirements. The Procurement Officer will provide input to questions related to the procurement process itself. The Procurement Officer will make all replies known, together with the text of the queries, to all bidders at substantially the same time, without referencing the source of the queries or providing any means of identifying the bidder that has submitted the query.

A pre-bid conference between UNRWA and the bidders could be held in addition to, or instead of, issuance of written clarifications. Such a conference may be in the form of a meeting or a site inspection. When conducting a pre-bid conference or site inspection, a time for the conference and/or site inspection must be stated in the solicitation documents, allowing sufficient time for all bidders to plan attendance of the conference and/or site inspection.

Further, pre-bid conferences or site inspections are not mandatory unless valid reasons exist for making such events mandatory (in which case this must be clearly specified in the solicitation documents). Where such conferences or site inspections are not mandatory, non-participation of bidders to pre-bid conference or site inspection is not a cause for rejection of an offer or disqualification. If participation in the pre-bid conference or site inspection nevertheless is made mandatory, care must be taken to require participation in the pre-bid conference or site inspection in a manner that is non-discriminatory. For this purpose, utilization of systems such as videoconference, teleconference and such is encouraged for pre-bid conferences whenever possible. UNRWA procurement personnel will prepare a list of the representatives attending the
pre-bid conference or site inspection and obtain their signatures on the same. The list shall also contain the representatives’ names and corresponding bidders’ names. This list should be signed by all participants indicating date and time. Within a reasonable time after the pre-bid conference or site inspection UNRWA must send a full set of the recording of all queries and formal replies at substantially the same time to all vendors whether present at the pre-bid conference / site inspection or not. The responses must be uploaded to the UNRWA website and UNGM (for open competition) or sent to all invited vendors (for limited competition). If the clarifications given during the meeting alter the requirements, amendment of the submission deadline should be considered, and a formal amendment to the solicitation documents must be issued reflecting the change.

For the procurement of works, it is recommended to prepare a pre-bid conference with the purpose of clarifying to bidders the most relevant points that they have to understand about UNRWA contracts for works, such as the different roles and milestones established in the contract; securities and insurances that must be provided; and the process for payments, retentions, claims and variations. Providing the necessary bid background, a better understanding of UNRWA expectations, and a basic understanding of the required contract management will lead to a better quality of bid and reduce misunderstandings that might later lead to delays in project execution and reduced value for money. The necessity of site visit for works should be decided after common discussion and agreement between the Procurement Officer and the requisitioner on a case-by-case basis.

6.7.2. Amendments to solicitation documents. At any time before the deadline for submission of offers, UNRWA may, for any reason, whether on its own initiative or following a request for clarification by a vendor, modify the solicitation documents. Amendments to solicitation documents must be approved by the Awarding Authority and must be made within a reasonable time before the deadline for submission of offers in order for vendors to address changes in their offers.

In certain cases, amendments will justify an extension of the submission deadline. This should be assessed on a case-by-case basis. When an amendment represents a substantial change to the solicitation documents, the submission deadline should be extended. Any change in the submission deadline should also be communicated to the Chairperson of the Tender Opening Committee (TOC).

A substantial change is one that substantially alters the scope and quality of the requirements or limits the rights of UNRWA and/or obligations of the Bidder.

The amended solicitation documents shall be distributed in the same manner as the original solicitation documents.

6.7.3. Cancellation of the solicitation process. UNRWA reserves the right to cancel a solicitation without recourse at any time during the solicitation and evaluation process and prior to contract award. The Awarding Authority must approve all cancellations.
Conditions that may give rise to a cancellation are:

a. The justification for the initial solicitation is no longer valid;

b. The requirements require material revision;

c. None of the bids received were substantially compliant;

d. Other reasons determined by the Awarding Authority.

Where possible, cancellations should be avoided as they may deter bidders from participating in future UNRWA procurement processes. The Procurement Officer engages with the requisitioner already at the time of preparation of the solicitation document to inform them about the risks and negative effects cancellations have on UNRWA’s ability to achieve value for money in the long run.

In the event a solicitation process is cancelled, all bidders must receive written notification and offers will be made available for collection by the respective bidder (if they have been submitted in hardcopy), or UNRWA shall reserve the right to discard such bids unopened without further notice to the bidders. UNRWA shall not bear any costs associated with returning bids to bidders. The Procurement Officer must make sure that all bid securities are returned to the bidders.

6.8 Exceptions to Competitive Bidding

Open competitive bidding is the preferred solicitation method at UNRWA. However, there are certain circumstances where it makes sense to limit competition to fewer or just one vendor. Those situations are referred to as exceptions to competitive bidding. In these cases, the appropriately authorized Awarding Authority may record the reasons in writing and may then award a procurement contract – either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract – to a qualified vendor whose offer substantially complies with the requirements at an acceptable price.

There are very specific reasons for exceptions to the use of formal methods of solicitation and these are laid out in this section. The procurement case file must document the justification for applying an exception to the use of formal methods of solicitation. The template available on the UNRWA intranet must be used for this purpose.

In all of the cases below except (i.) and (iv.), the Awarding Authority shall exercise sound judgement and caution in applying these exceptions to the use of formal methods of solicitation. In these cases, the contract may be awarded on the basis of an informal method of solicitation (e.g. through obtaining offers from a few shortlisted vendors) or on the basis of direct contracting with a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.

i. When the value of the procurement is below the specified monetary threshold established for formal methods of solicitation:
Formal methods of solicitation are ITB and RFP and these are mandatory for requirements over a threshold as specified in Section 6.3. For requirements below that threshold, an informal method of solicitation may be used, i.e. Low Value Procurement or RFQ. In this specific case, no Note to File or justification needs to be added to the procurement case file as the monetary value is obvious.

ii. **When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves a proprietary product or service:**

This is the case when prices or rates are fixed by legislation or government bodies, e.g. in cases of state monopolies. In order to justify fixed prices or rates, the name of the regulatory body or law that controls rates or established prices must be included in each request for award and, if available, a current price/rate schedule be provided.

Proprietary product or service refers to situations where only one source can reasonably meet the needs of UNRWA, in situations where (a) Proprietary items subject to legal restrictions (e.g. patents and copyrights) are to be procured, (b) Matters involving security considerations where rendering single source procurement is the most appropriate method of procurement, or (c) The goods, services or construction works are available from a particular vendor or contractor, or a particular vendor or contractor has exclusive rights in respect of the goods or construction works and no reasonable alternative or substitute exists, e.g. in the case of a sole authorized dealer for a specific requirement.

In the case of proprietary products or services, the procurement case file should confirm the reasonableness of price (e.g. comparison with previous purchase prices).

iii. **When there has been a previous determination with regard to an identical procurement activity, or there is a need to standardize the requirement following recent procurement activity:**

Previous determination means the product to be purchased is determined by a previous purchase, e.g. a piece of equipment was previously purchased and components that can only be obtained from the manufacturer must now be replaced; or complex services were purchased from a vendor and only the vendor who performed the initial services can realistically provide the required additional services.

Standardization shall be acceptable when identical goods, equipment or technology have recently been purchased from a vendor or 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 of UNRWA or its client, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price, and the unsuitability of alternatives to the goods in question shall always be considered and
justified. It should be noted that branding is not necessarily a justification for exceptions. A competitive process should be undertaken if multiple sources of supply exist for the same brand.

The procurement case file needs to include a Note to File with an explanation of the previous determination or reasons for requiring standardization and reasonableness of prices, e.g. comparison with previous purchase prices and comparison with prices of equipment from other vendors equivalent in performance.

iv. When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system:

The Awarding Authority may decide to cooperate with a United Nations organization in respect of procurement activities. Details on the specific ways to cooperate with other United Nations organizations in procurement are laid out in Chapter 14.

The procurement case file needs to include relevant evidence for the specific cooperation (e.g. evidence that the other United Nations organization has awarded a contract to an entity whose conditions may be extended by the vendor to UNRWA).

Specific to this case is that resulting contracts may not be subject to review by the UNRWA procurement review committee if the case has previously been reviewed by another UN organization’s procurement review committee. See Chapter 14 for more details.

v. Where offers for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered by the proposed vendor remain competitive:

Reasonable period is usually limited to a maximum of twelve (12) months after the conclusion of a formal method of solicitation. For goods where the price fluctuates rapidly (raw material, petroleum products, some IT equipment, etc.) the competitiveness of the price must always be properly justified.

The procurement case file needs to include a summary of the use of a previous formal method of solicitation and its outcome, reasonableness of price and prevalent market rates in the area.

vi. When a formal solicitation has not produced satisfactory results within a reasonable prior period:

The ‘prior period’ refers to the time elapsed since the closing date for submissions of the failed method of formal solicitation. The length of the ‘reasonable prior period’ for the applicability of this exception will vary depending on the nature and type of goods, services or works, the market conditions, the likelihood of attracting new vendors if a re-solicitation was to be conducted, or security and working conditions in the region to which the goods, services, or works are to be supplied. In relying on this clause, the Awarding Authority must ensure that market research was done and be fully satisfied that a re-solicitation will not yield satisfactory results. The Awarding Authority shall note that under no circumstances must ‘reasonable prior period’ for the
application of this exception exceed six months from the closing date for submissions of the failed formal method of solicitation.

The procurement case file needs to include a summary of the use of a previous formal method of solicitation and its outcome, reasonableness of price and prevalent market rates in the area.

vii. When the proposed procurement contract is for the purchase or lease of real estate property:

The Awarding Authority should, to the extent feasible, seek the advice of a qualified real estate broker or consultant to confirm whether comparable property is available and to determine a market range for the selling price or rent. Any such advice shall be recorded in writing and put in the procurement case file by the procurement personnel. In such cases, care must be taken that any commissions or fees charged are consistent with those generally applied in the local market. Sometimes, e.g. for commercial warehouse space, garage space etc., a competitive solicitation process may also possible for purchase or lease of real estate.

In order to determine the threshold for award and review by a procurement review committee, the value of the procurement action will be the sale price or annual lease cost, including any related fees and assessments, or, for leases with a term of less than a year, the total value of the lease, including any related fees and assessments. A procurement action for the purchase of real property must be cleared ex ante by, and conducted under the supervision of the Chief, CSSD or FOD. It is recommended to consult with DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement) as appropriate.

It should be noted that legally ‘lease’ does not include the right to occupy hotel rooms: the correct term would be ‘licence’. However, in consideration of valid reasons such as security, the interpretation of ‘lease’ is extended to include the right to occupy hotel rooms, as it is unrealistic to expect hotels to take part in a formal bidding process for lease arrangements.

The procurement case file needs to include an outline of the activities undertaken to establish the reasonableness of price (e.g. contacting companies specialized in commercial real estate services); confirmation of potential for compliance with Security Risk Management measures, clearance from DSRM, etc.; evidence of market research into available premises; and justification for choosing these premises.

viii. When there is genuine exigency for the requirement:

Exigency is defined as an exceptional, compelling and emergent need, not resulting from poor planning or management, or from concerns over the availability of funds, that will lead to serious damage, loss or injury to property or persons, if not addressed immediately. The specific exigency must be beyond the control of UNRWA, i.e. emergency situations or force majeure, or other compelling circumstances which are not due to lack of planning or slow administrative process within UNRWA.
The procurement case file needs to include an explanation of the specific exigency, confirmation of reasonableness of price through comparing prices with previous purchase prices, justification for selecting this particular vendor as opposed to any other etc.

**ix. When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively:**

These could be services of specific individuals which are not available through personnel contracts including, for instance: (a) a service contract entered into with a company due to availability of a specific expert working at that company, (b) a contract with the purpose of research, experiment, study or development leading to the procurement of a prototype, except where the contract includes the production of goods in quantities sufficient to establish their commercial viability or to recover research and development costs, (c) services of specific vendors to obtain cutting-edge technology or other new methodologies where there is no basis for reliable comparison.

The procurement case file needs to include a detailed explanation as to why this specific individual or company is the most suitable to carry out the services and reasonableness of price.

**x. When the Chief, CSSD or FOD otherwise determine that a formal solicitation will not be in the interest of UNRWA nor produce satisfactory results:**

This may include but is not limited to; (a) commodities in scarce supply can be immediately procured at prices not likely to be maintained to carry out a formal method of solicitation; (b) extension of scope of works, services or goods requested in an original contract, made through an amendment in order to ensure continuity; (c) situations which may affect the security and safety of UNRWA staff and premises.

The procurement case file needs to include a justification for continuity of the work required, i.e. why a new solicitation would not give satisfactory results, and confirmation of reasonableness of prices, e.g. comparison with previous bids, etc.

6.9 **Emergencies**

Emergency Procurement Procedures are covered in detail in Section 15.4.

6.10 **E-Tendering / E-Procurement**

E-Procurement refers to the use of IT-systems to support the procurement process, including but not limited to the publication of solicitation documents, submission of offers, evaluation of offers, and awarding and management of contracts. E-Procurement systems approved by UNRWA may be used for the purpose of conducting procurement. UNRWA currently uses UNGM and In-Tend as main systems to support e-Procurement. Where possible, In-Tend should be used for management of submissions and this is preferred over other methods such as email for formal methods of solicitation.
6.10.1 E-Tendering. E-Tendering or e-Sourcing refer to stand-alone systems which are often integrated with an organization’s existing ERP system (in the case of UNRWA, this would be REACH). These enable procurement personnel and bidders to manage the solicitation process online from their respective side.

E-Tendering systems may be integrated with various steps of an organization's ERP system and can link to other steps in the procurement process as well, such as requisition workflow, supplier creation and purchase order workflow. E-tendering tools, such as In-Tend, may be integrated with UNGM for tender and supplier management as well. If well designed and implemented, e-Tendering can bring considerable benefits to users within a UN organization and the bidder/vendor community alike. At UNRWA, the use of an e-Tendering system is recommended for formal methods of solicitation.

While the individual steps within the flow may vary from system to system and organization to organization, there will always be a limited and managed interaction, including possible communication by tracked messaging, between the UN organization and the bidder throughout the process while all other activities in the same system remain completely apart from each other (segregation of functions) to protect the integrity of the procurement process for both sides, i.e., the UN organization and the bidder/supplier.

E-Tendering systems allow for the safe submission and safeguarding of offers and will provide for the technical means necessary to separate technical and financial offers in two envelop systems. They also facilitate communication with the bidders, e.g. when collecting and distributing answers to queries received during the solicitation period. Moreover, e-tendering systems may have the option to automatically calculate the scores for financial offers if prices are entered in a structured format.

UNRWA supports and encourages the use of approved e-Tendering and e-Procurement systems to enable process efficiency and achieve best value for money.

6.10.2 Using email for management of submissions. It is possible to give bidders the opportunity to submit their offers by email rather than asking them to submit hardcopies. Ideally though, an e-Tendering system such as In-Tend is being used. For formal methods of solicitation, an e-Tendering system must be used and it must be clearly stipulated in the solicitation documents that offers submitted in any other way will be rejected.

When using email for management of submissions, individuals not directly involved in the procurement process must have sole access to the secure email. This implies that access to the email account must be password protected, with only designated individuals given access to the password. Offers received via email should not be opened prior to the bid deadline or official opening in order to avoid compromising their confidentiality.

Also, the distribution of UNRWA solicitation documents may be performed electronically. Here, the guiding principle remains the same: the fair treatment of all suppliers, i.e. invitees must
receive the same information at the same time. If solicitation documents are issued electronically in a limited competitive process, due diligence should be exercised to ensure that the names of short-listed suppliers are not disclosed to the other invitees, e.g. by sending individual emails to each supplier on the list. Alternatively, address the email to yourself and blind carbon copy (BCC) all invited bidders. Email addresses are prone to change, so it is a good practice to request a confirmation of receipt and follow up with the bidders if such confirmation is not received to ensure that the email address is still current.
7  Management of Submissions

7.1  Receipt and Safeguarding of Submissions

It is the responsibility of vendors to ensure that they submit their offers in accordance with the instructions provided in the solicitation documents. The solicitation documents specify how submissions have to be submitted. For UNRWA, the preferred method of submission is via an e-Tendering system, e.g. In-Tend.

Should submission via e-tendering not be deemed appropriate by the Awarding Authority, submissions can also be received by postal mail or dedicated email address (i.e. an email address specifically used for the purpose of receiving submissions to which access is limited to specified persons). Further, submissions may also be delivered by hand, in which case UNRWA must issue a receipt stating the date and time of delivery.

In the exceptional case that submissions are received in physical form, these must be stamped with time and date of receipt, registered in an offer receipt report, and placed in a locked container, such as a cabinet or safe, until the opening of offers. Access to the container shall be limited to personnel not directly concerned with the procurement function and duly authorized by the Chief, CSSD or FOD. Key(s) to the container must be kept by the person appointed for the receipt of tenders in an envelope that is sealed and signed by the TOC after each tender opening.

For formal methods of solicitation, an individual not directly concerned with the procurement function must be appointed to receive all offers. The individual must be informed of the importance of confidentiality and integrity in the offer receipt process.

7.2  Modification and Withdrawal of Submissions

7.2.1  Modification. Vendors may modify their offers in writing prior to submission deadline. The modification shall be submitted as per the submission instructions and shall be treated like any other offer. Any modification will be attached to the original offer.

Vendors may not modify or alter their offers after the submission deadline.

7.2.2  Withdrawal. Withdrawal of submissions by the vendors can only be accepted if UNRWA is notified in writing prior to the deadline for submission of offers. The withdrawn offer shall be separated from the other offers prior to bid opening and shall not be opened. Withdrawal of submissions after the announced deadline shall in principle not be honored, and in such cases UNRWA shall open and evaluate the withdrawn offer together with the other offers. If the vendor has furnished a bid security and is eventually selected for award, UNRWA shall withhold such bid security until the issue has been resolved. As necessary, DLA (for HQ procurement) or the Head,
FLO of the relevant field (for field procurement) may be consulted in dealing with the matter and decision on collection of the bid security, or initiating any legal claim, if applicable.

Where the vendor is able to justify the withdrawal of its submission, such as lack of capacity to undertake the assignment due to having been selected for other assignments in the same time period, UNRWA may accept the withdrawal after the submission deadline.

Regardless of whether or not the withdrawal is justified, withdrawal of submission after the announced deadline for submission is a serious matter. In cases where offers are withdrawn after the submission deadline, the vendor must be given a written warning that this is not acceptable to UNRWA, and that repeated withdrawal of offers after the submission deadline may exclude the vendor from future UNRWA solicitations. The Procurement personnel shall report vendors who have repeatedly withdrawn their offers after the submission deadline to the Vendor Review Committee.

7.3 Late and Unsolicited Submissions

7.3.1 Late Submissions. When submissions are received after the designated submission deadline indicated in the solicitation documents, the date and time of receipt shall be recorded. In principle, such late submissions should not be accepted unless duly justified.

The Chairperson of the Tender Opening Committee (TOC) shall seek advice from the Procurement Officer for the procurement case as to what to do with late submission(s). If the bidder can provide evidence that the submission was sent prior to the bid closure, the delay in delivery could not be reasonably foreseen or was due to unforeseen events beyond the control of the prospective vendor and that there is no indication that confidentiality has been, or may have been, compromised, or if it is otherwise in the interest of UNRWA to accept the late bid (e.g. since only few bids were received), the Head of Section, CSSD or Head, FPLO can approve that the late submission can be opened with the other submissions.

The Head of Section, CSSD or Head, FPLO may also decide to accept an offer sent to the wrong location or email address or if the received number of submissions is low or if it is otherwise considered in the best interest of the Agency to accept the bid to achieve better competition. However, such offers may only be accepted prior to the bid opening. Also, specific care must be taken if an offer received in response to an RFP containing financial information has been sent to the wrong address, e.g. the requisitioner or another member of the technical evaluation team. Such offers must be rejected if the confidentiality of the financial information of the offers has been broken.

The Head of Section, CSSD or Head, FPLO must approve acceptance of any late submission in writing and this acceptance must be added to the procurement case file.
The Chairperson of the TOC shall document in writing the decision of the Head of Section, CSSD or Head, FPLO to accept a late submission. If the Head of Section, CSSD or Head, FPLO decides not to accept a late submission, it shall remain unopened and be forwarded to the Procurement Officer concerned, who shall advise the concerned vendor in writing; the submission shall be destroyed or returned to the vendor, at its own cost, if so requested.

7.3.2 Unsolicited Submissions. In the case of open competition, there are no unsolicited submissions and all received submissions are accepted, if received prior to submission deadline. In the case of limited competition, unsolicited submissions, i.e. submissions from vendors that UNRWA has not invited, will be accepted by the TOC only with the approval of the Awarding Authority. If they are accepted, they are opened together with the solicited submissions provided that (i) the unsolicited submission complies with the submission requirements stated in the solicitation documents and (ii) upon UNRWA’s request the vendor submits a written statement, certifying that it has received the solicitation documents from persons other than UNRWA personnel and documenting the vendor’s relationship with the person from whom it received the solicitation documents. If the invited vendor has requested another vendor to submit an offer then the new vendor shall document in writing the reasons for the substitution.

7.4 Opening and Recording of Submissions

The opening of offers must be conducted in a transparent manner in order to ensure that only valid offers are evaluated and that all vendors are treated in a fair and non-discriminatory way. Until offers are opened, they must be kept in a secure and locked location by the individual in charge of bid receipt and shall be handled in a confidential manner. The use of e-Tendering systems can be effective means to achieve this. In principle, offers should be opened shortly after the submission deadline.

7.4.1 Tender Opening Committee. A Tender Opening Committee (TOC) shall be constituted at Headquarters and each Field Office which will be responsible for opening and recording submissions. Each TOC at Headquarters and in the Field Offices shall be composed of three members. The Chief, CSSD shall designate the Chairperson of the Headquarters TOC; each FOD shall designate the Chairperson of the Field Office TOC, along with their alternates. The Chairperson of each TOC convenes TOC meetings and shall, on each occasion, designate the two other members of such TOC as per her/his discretion. Staff members of other UN organizations may also serve as members of the TOC. The Chairperson of each TOC shall convene TOC meetings (either in person or virtually) and shall ensure that the Agency’s procedures for opening and

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6 There is not TOC established in the Jordan Field Office as HQ carries out the procurement function for the Jordan Field Office.
recording submissions are complied with in order to ensure the integrity of the procurement process.

7.4.2 Opening and Recording Procedures. The TOC only opens offers received in response to formal methods of solicitation, i.e. ITBs and RFP. For all other solicitation methods other than Low Value Procurement, the Procurement Officer can directly receive the offers either via an e-Tendering system or dedicated email address.

Submissions shall be opened immediately after the deadline for submission or shortly thereafter. The Procurement Officer shall give the Chairperson of the TOC notice of any scheduled tender opening promptly in advance, possibly on the tender publication day and by the use of electronic calendar, and shall provide the TOC with a list of invitees (in the case of limited competition) and bid closing information as specified in the solicitation document.

During bid opening, the TOC should ascertain whether the submissions:

a. Have been received prior to the submission deadline
b. Are presented in line with the submission requirements specified in the solicitation documents

7.4.3 Opening of ITBs (one envelope system). The following considerations apply to the opening of bids in response to an ITB:

a. If a public bid opening is conducted, then bidders, who have submitted an offer, may be allowed to attend the bid opening for the sole purpose of observing the proceedings. Bidders may authorize a local agent, embassy or trade commission (also referred to as observers) to represent them. In order to be able to attend bid opening, agents representing bidders must provide reasonable evidence (business cards, letter of authorization, etc.) confirming the name of the bidder(s) they represent.

b. During the bid opening, for each offer, the name of the bidder and the total amount of the bid should be read aloud and recorded in the bid opening report.

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

d. Unless an e-Tendering system is used to receive offers, the UNRWA template for bid opening reports should be used for compiling the bid opening report. The bid opening report should then include a bidder’s name, description of the requirements, currency of the offer, total price, comments on incomplete offers or other matters observed, date and time of the bid opening, and names and affiliations of all people present.

e. The bid opening report must be signed by each member of the TOC, physically or electronically, handed over to the Procurement Officer and kept in the procurement case file.
7.4.5. **Opening of RFPs.** Offers received in response to an RFP are submitted in two envelopes, one envelope with the financial proposals and one envelope with the technical proposal. The following considerations apply to the opening of proposals in response to offers received in a two-envelope system:

a. After the submission deadline, only the technical offers are opened while the financial offers are kept unopened and sealed in a secure location, this may be either physical or electronic.

b. The technical offer opening report must be signed by each member of the TOC, physically or electronically, handed over to the Procurement Officer and kept in the procurement case file. The technical proposal opening report will include a bidder’s name, comments on incomplete offers or other matters observed, date and time of the bid opening, and names and affiliations of all people present.

c. A separate opening of the financial offers is to be conducted after the completion of the technical evaluation (done by the technical evaluation team) and submission of the technical evaluation report to the Procurement Officer. The Procurement Officer informs the Chairperson of the TOC which financial offers shall be opened.

d. During the opening of the financial offers, only those financial offers shall be opened which correspond to the technical offers meeting or exceeding the set qualification threshold.

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

f. The UNRWA template for bid opening reports should be used for compiling the bid opening report. The bid opening report will include a bidder’s name, description of the requirements, currency of the offer, total price, comments on incomplete offers or other matters observed, date and time of the bid opening, and names and affiliations of all people present.

g. The bid opening report must be signed, physically or electronically, by each member of the bid opening panel, handed over to the Procurement Officer and kept in the procurement case file.

7.5 **Rejection of Submissions**

The TOC or the Procurement Officer may reject submissions. Offers may be rejected:

a. If they are received by any email other than the dedicated email address specified in the solicitation documents;

b. If they are received at any other location or any other fashion or by any person other than specified in the solicitation documents;
c. If they are received after the submission deadline stated in the solicitation documents; or

d. If they are received on the correct route after having been previously rejected (as the transparency, fairness and integrity of the procurement process would otherwise not be guaranteed)

e. If multiple bids are received from the same bidder for the same tender through one or more of the tender receipt methods with different terms and conditions without being marked as “alternative offer”.

Exceptions to the above are outlined in Section 7.3.

Failure of a bidder to provide requested information with the bid or proposal, which does not affect the price or the specifications in the Solicitation Documents shall not require immediate rejection of the submission. The Awarding Authority has the authority to decide on the action to be taken under such circumstances.

It is recommended to inform the bidder of the reasons why an offer has been rejected such that the bidder can improve and comply with the instructions in the future.

7.6 Post-opening

In order to safeguard the integrity of the procurement process, electronic submissions must be maintained in a secure file location which can be facilitated by an e-Tendering system. All offers submitted in hard copy must be kept in a safe place with restricted access. After the opening of the offers, they shall be shared promptly with the technical evaluation team. They shall be shared with the technical evaluation team and the Procurement Officer only and not with anybody else.

This applies to both formal and informal methods of solicitation and is irrespective of the value of the procurement.
8 Evaluation of Submissions

8.1 Overview

Evaluation is the process of assessing and comparing submissions (i.e. offers received in response to an RFQ, ITB, or RFP) in accordance with the evaluation methodology and criteria as they are stated in the solicitation documents. The goal of the evaluation is to determine the winning offer, i.e. that offer which under the selected evaluation methodology presents best value for money for UNRWA. An objective, fair and well-executed evaluation process is critical to ensure the integrity, fairness and accountability of the procurement process.

In general, UNRWA evaluates all offers based on the principle of best value for money, i.e. the ideal combination of technical and financial factors. Value for money can include the price, total life-cycle costs and transaction costs of acquiring, using, holding, maintaining, and disposing of the goods or services. It can also consider non-cost factors such as fitness for purpose, quality, service and support, and social and environmental benefits such as for instance inclusion of persons with disabilities or purchasing from women-owned businesses.

The evaluation criteria and methodology set out in the solicitation documents is fixed – it must be adhered to and cannot be changed during the evaluation process.

There are different roles in evaluation process as follows:

(1) Tender Opening Committee (TOC): The TOC opens and records offers received in response to ITBs and RFPs (not required for RFQs) as per Section 7.4.

(2) Procurement Officer: The Procurement Officer reviews offers received by checking and establishing formal compliance and compliance with instructions laid out in the solicitation documents. The Procurement Officer also conducts the financial evaluation in cooperation with technical subject matter experts (e.g. project manager, engineer, etc.) as appropriate. The Procurement Officer obtains signatures of affidavits of confidentiality and no conflict of interest from the evaluation team. The Procurement Officer briefs the evaluation team about its role and ensure its familiarity with the solicitation process and evaluation criteria; provides required templates for undertaking the technical evaluation; and manages clarifications with bidders.

(3) Technical evaluation team (TET): The TET is in charge of the fair, objective and unbiased technical evaluation of the offers in accordance with the defined evaluation criteria and evaluation method as per the solicitation documents. The TET also produces a technical evaluation report which includes, inter alia, an evaluation table or matrix that assesses each offer.
Details of the each of the steps involved in evaluating offers as well as further activities carried out during the evaluation process such as clarifications with vendors, negotiations and post-qualification are outlined in the following sections.

8.2 Evaluation Teams

A technical evaluation team (TET) is established for each procurement action above the Low Value Procurement threshold. The purpose of the TET is to verify that vendors and their offers satisfy the requirements of the solicitation documents and to fairly and objectively evaluate offers according to the predefined evaluation criteria. In order to conduct a fair and unbiased evaluation of submissions, evaluation must be undertaken by a team comprised of minimum three members. The actual number of people on the evaluation team will depend on the nature, complexity and value of the procurement activity, but should normally not exceed five. Staff members of other UN organizations can also serve as members of the TET. In particularly complicated procurement processes (e.g. complex specifications, high bid values, complex post-qualification criteria, etc.), external subject matter experts may be contracted onto the evaluation team as external members. The Procurement Officer, in the capacity of as a facilitator, may assist the evaluation team on how to conduct the process of evaluation but he/she is not a voting member during the evaluation and generally will not be able to provide input on the technical substance.

The evaluation team members and chairperson are appointed, in writing (e.g. through email or through documentation in the Source Selection Plan or any other practicable means), by the Head of the unit/section of the requisitioner. Members of the TET provide objective and independent advice based on their knowledge of the specific subject matter and are selected based on their knowledge and expertise related to the requirements.

Considering that evaluation members should provide independent advice, the Awarding Authority must, to the extent possible, avoid having in the evaluation team UNRWA personnel that supervise other evaluation members, and shall not form an evaluation team that is limited to only a supervisor and her/his supervisees. At least two of these members must not be in a directly reporting line with each other.

Team members and observers must immediately indicate if they are in a potential conflict of interest situation with any of the suppliers (e.g. owning shares in supplier company, family relationship with suppliers, etc.) in which case they shall ask to be replaced. All evaluation team members and observers must sign a declaration of confidentiality and no conflict of interest prior to commencing the evaluation process. This declaration is added to the procurement case file. A template for this declaration is available on the UNRWA intranet.

The main tasks of the chairperson during evaluation are to:
• Perform a facilitative role in the evaluation team, and settle issues or disagreements (if applicable);
• Remind the evaluation team that its deliberations are strictly confidential: information about the content of the submissions or the evaluation process is not to be revealed outside the evaluation team. In particular: (i) during evaluation, access to offers is restricted to the evaluation team and to observers; (ii) correspondence with bidders must be through the procurement official and must not be shared outside the evaluation team.

8.3 Evaluation Criteria

Evaluation criteria for bids and proposals are established when the solicitation documents are prepared and are covered in detail in Section 6.5.2. The main responsibility for establishing the evaluation criteria is with the requisitioner. The Procurement Officer will ensure that the evaluation criteria are fair, commensurate to the requirement and will remind the requisitioner to include consideration of sustainable procurement including, for instance, environmental or social consideration, such as inclusion of persons with disabilities or gender considerations in the evaluation criteria.

Evaluation criteria must not be changed once the deadline for submission of offers has closed. They must be applied fairly and objectively to all offers received.

Evaluation criteria can be distinguished into:

1. Formal and eligibility criteria: These are assessed by the Procurement Officer during preliminary screening.
2. Qualification and technical criteria: These are assessed by the TET during technical evaluation.
3. Financial criteria: These are assessed either by the Procurement Officer (often the case for goods and simple services) or through a consultation of the Procurement Officer with the TET (often the case for more complex services and to define total lifecycle costing methodologies).

8.4 Evaluation Methodologies

The evaluation methodology is determined by the solicitation method. At UNRWA, two evaluation methods are distinguished. “Lowest priced, technically acceptable” evaluation methodology is used for RFQs and ITBs and “Cumulative analysis” evaluation methodology is used for RFPs.

8.4.1 Lowest priced, technically acceptable. The lowest priced, technically acceptable offer methodology consists of the following steps:
1. Preliminary screening of offers, including an assessment of whether offers comply with the formal and eligibility criteria stated in the solicitation documents;

2. Technical evaluation of offers, determining which offers are substantially compliant to the qualification criteria (if included in the solicitation documents) and technical criteria;

3. Financial evaluation: Quotations that are found to be technically compliant shall be evaluated based on the lowest price.

8.4.2 Cumulative Analysis. This evaluation methodology is used for evaluating offers received in response to an RFP. The cumulative analysis methodology consists of the following steps:

1. Preliminary screening of proposals, including an assessment of whether proposals comply with the formal and eligibility criteria stated in the solicitation documents. All proposals substantially compliant at this stage will go through subsequent evaluation as follows;

2. Technical evaluation (qualification criteria), determining which proposals are substantially compliant to the qualification criteria (if included in the solicitation document), and rejecting non-compliant proposals. Only proposals meeting or exceeding the qualification criteria shall be considered substantially compliant;

3. Technical evaluation (technical criteria), determining the technical points achieved by each proposal, as per maximum points assigned per criterion included in the solicitation document. Only proposals that meet the minimum technical threshold indicated in the solicitation document (normally at least 60%) shall be deemed substantially compliant;

4. Financial evaluation. Financial proposals will only be opened for the offerors that achieve the minimum technical threshold.\(^7\) Proposals scoring above threshold shall be checked for any arithmetic errors. The maximum number of points for the Financial Proposals is as stated in the solicitation document. This maximum number of points will be allocated to the lowest price financial proposal. Financial proposals from other offerors will receive points in reverse proportion according to the following formula:

\[ p = x * \frac{y}{z} \]

where:

- \( p \) = points for the financial proposal being evaluated
- \( x \) = maximum number of points for the financial proposal

\(^7\) In general, if an offer is found to be technically non-compliant, the financial proposal is neither opened nor evaluated. However, in some circumstances, in order to ensure that the Agency obtains Best Value for Money, it may be prudent to open the financial proposal of a not technically compliant officer to undertake further due diligence and mitigate risk. For example, if only a low number of offers have been found to be technically compliant, then the Procurement Officer may open one or more financial proposals of not technically compliant submissions in order to establish pricing benchmarks and verify that the pricing offered by the technically compliant offer is fair and reasonable. The results of such a benchmark can be used in making a decision to potentially cancel and rebid the solicitation or enter into negotiations with the bidders with technically compliant bids. Opening of a technically non-compliant Submission’s financial proposal may only be done on an exceptional basis, after obtaining authorization from the Awarding Authority.
y = price of the lowest priced proposal
z = price of the proposal being evaluated

5. Combination of technical and financial score. The final score is obtained by adding the technical score (for those proposals, which have passed the minimum threshold as stipulated in the solicitation documents) and the financial score. The proposal obtaining the overall highest score is the one that offers best value for money.

8.5 Preliminary Screening

Prior to a detailed technical evaluation by the TET, the Procurement Officer establishes formal compliance and formal completeness of the offers. This is done in order to avoid spending further resources on the evaluation of invalid offers and is referred to preliminary screening. Preliminary screening can lead to elimination of offers containing material deviation at an early stage of the evaluation process.

Examples of aspects of formal compliance and completeness which are checked during preliminary screening include:

1. The offer is accompanied by the required documentation, including the bid submission form, the certificate of registration, and others as appropriate.8
2. The offer is accompanied by the required securities, when applicable;
3. In cases of RFPs, the offer is submitted in two separate envelopes: one containing the technical proposal without any financial information and the other containing the financial proposal;
4. The offer includes evidence of acceptance of other important conditions specified in the solicitation documents (e.g. performance security);
5. The bidder does not have a conflict of interest;
6. The bidder is not deemed ineligible to do business with UNRWA;
7. The bidder is included in the shortlist of bidders, when applicable.

Reasonable judgement should be applied when conducting the preliminary screening to avoid rejecting offers for trivial reasons. For example, submitting one more or less of the copies requested in the solicitation documents, or not submitting the information requested in the solicitation documents in the required form / template but in another acceptable form with complete information, can be considered as minor deviations which do not constitute grounds for disqualification. Within reason, the Procurement Officer can also request any minor missing pieces of information or documents, e.g. missing samples or missing financial statements.

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8 No verification of the completeness of the actual contents of the offers is carried out at this stage – merely a verification of the formal compliance and completeness.
The Procurement Officer may recommend to eliminate offers, inter alia, in the following situations:

- Absence of bid form or change in the wording of key portions of the bid form when this is clearly specified in the solicitation documents as a requirement.
- The bidder indicates that it does not accept important contract conditions, e.g. the UNRWA General Conditions of Contract.
- The bidder is ineligible, i.e. bidder is sanctioned by UNRWA or another UN organization or fails to meet any other eligibility criteria stipulated in the solicitation documents.
- Lack of proper bid securities in terms of change in the wording, amount, validity period. Change in the wording that is consistent with the prescribed format is not a material deviation.

The grounds for elimination of offers after the preliminary screening must be documented in the award recommendation document (see Section 8.10 for details).

8.6 Commercial Evaluation

All submissions found substantially compliant with the qualification and technical criteria will go through to financial (also called commercial) evaluation. Financial evaluation is the process of comparing the offers with the financial criteria stipulated in the solicitation documents, and determining the price to base the evaluation upon.

Price is an important financial evaluation criterion, but the weight of the price depends on the evaluation methodology and financial criteria stated in the solicitation documents which may include life-cycle-cost analysis.

During the financial evaluation, arithmetical errors are corrected on the following basis:

(a) If there is a discrepancy between the unit price and the line item total that is obtained by multiplying the unit price by the quantity, the unit price shall prevail and the line item total shall be corrected. This applies unless in the opinion of UNRWA there is an obvious misplacement of the decimal point in the unit price, in which case the line item total as quoted shall govern and the unit price shall be corrected.

(b) If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected.

(c) If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to (a) and (b) above.
Once price correction has been undertaken, (quantity) discounts must be evaluated if applicable. Currency conversion into one base currency (as specified in the solicitation documents) must be done if applicable. The exchange rate used for the conversion of offers is always the official United Nations exchange rate at the date of the deadline for submission. The final price comparison in one single currency must take into account corrected errors, discounts, and any required adjustments.

For clarifications which may need to be sought from the bidder in order to carry out a proper commercial evaluation, please refer to Sections 8.8 and 8.9.

During financial evaluation, a deviation would be considered material in any of the following situations:

- The bidder does not accept the required price correction as per the condition of the solicitation documents;
- Required price components are missing;
- The bidder offers less quantity than is required (unless the solicitation documents allows for partial quantity offers).

When using the cumulative analysis evaluation methodology (in an RFP), the score of the financial proposal is calculated based on the formula for point allocation as covered in Section 8.4.

**8.6.1 Justification of reasonableness of price.** It is a good practice to carry out some research to determine whether value for money has been achieved when less than three substantially compliant offers have been received unless the contract is based on UN cooperation.

In addition to comparing with other substantially compliant offers received on the tender, the following comparators could also be used to determine whether the price is fair and reasonable:

- Comparison with market price of the same or similar product or service;
- Comparison with catalogue or list price;
- Comparison with valid LTA prices;
- Historical price, i.e. compare the current price to a price paid in the recent past for the same or a similar product;
- Whether the offer is similar to that for another comparable customer;
- If the offer is custom-built, whether the cost breakdown of the offer shows that the price is fair and reasonable.

If, after price/cost analysis, the evaluation team does not consider the price to be fair and reasonable, UNRWA shall seek competition or negotiate with the supplier in an attempt to lower the price.
8.7 Technical Evaluation

In order for the technical evaluation to be effective and efficient, it is paramount to have well-defined requirements. The time spent in developing clear specifications, TOR, or SOW with objective, unambiguous, and fair evaluation criteria is more than made up for as it enables an easy, fast, and successful technical evaluation. Therefore, efforts should be concentrated on defining the right specifications, TOR, or SOW prior to the start of solicitation process.

All submissions found substantially compliant with the formal and eligibility criteria as described in Section 8.5 will be further technically evaluated, where both technical qualification and technical criteria are assessed.

Technical qualification criteria, if included in the solicitation documents, are evaluated to ensure that the bidder is qualified and capable of successfully completing the contract, i.e. the entity meets legal and regulatory requirements, has the required minimum technical capability and experience, and is financially capable. For construction and maintenance projects, this may include, for instance, verifying that the bidders possess the actual project experience or do not exceed the maximum total value of ongoing projects as defined in the host country classification of contractors.

Technical qualification criteria are evaluated on a pass/fail basis, regardless of whether these are included in an RFQ, ITB or RFP.

Bids received in response to an ITB must be assessed against the technical criteria specified in the solicitation document on a pass/fail basis and must be rejected when they contain material deviations, i.e. when the specifications of the items quoted vary in one or more significant aspect(s) from the minimum required technical specifications and other requirements.

Proposals received in response to an RFP must be rated by assigning points against the technical criteria as per maximum points assigned per criterion specified in the solicitation document. The technical proposal submitted by any bidder would be rejected if the bid does not obtain the minimum required number of points to qualify as per threshold stated in the solicitation document (generally set to at least 60%).

The technical evaluation is summarized in an technical evaluation report. For more details on the technical evaluation report, refer to Section 8.10.

8.8 Further Aspects of Evaluation

8.8.1 Material deviations: UNRWA must maintain fairness and transparency and ensure that offers are rejected only and whenever deviation to the requirements is material. In some cases, a substantially compliant offer could contain non-material deviations, which will render it non-
compliant. However, in order to achieve value for money, it is important not to disqualify offers solely for non-material (minor) deviation(s). A material deviation is one that:

- Would affect in any substantial way the scope, quality, or performance of the goods and related services specified in the contract;
- Would limit in any substantial way, by contradicting the bidding documents, UNRWA’s rights or the bidder’s obligations under the contract;
- If rectified would unfairly affect the competitive position of other bidders presenting substantially responsive bids.

To this end, the TET must have a clear understanding of what represents a material deviation. During evaluation of the offers, consistency must be applied when determining whether a deviation is material. The evaluation report must identify any deviations encountered during each step of the evaluation process.

### 8.8.2 Minor irregularities and informalities in bids

An informality or minor irregularity is one that is merely a matter of form and not of substance. It also pertains to some immaterial defect in a bid or variation of a bid from the exact requirements that can be corrected or waived without being prejudicial to other bidders. In such cases, the defect or variation is immaterial when the effect on price, quality, or delivery is negligible when contrasted with the total cost or scope of the goods, services or works being acquired. In such situations, the TET shall consult with the Procurement Officer who will advise on whether to give the bidder an opportunity to correct any deficiency resulting from an informality, missing information or minor irregularity in a bid, depending on the interest of UNRWA (see Section 8.9.1 for details on communication with the bidder). Examples of informalities, missing information or minor irregularities which could be considered for rectification prior to evaluation of the bids include, for instance:

1. Failure of the bidder to furnish required information concerning the number of its employees or number of offices;
2. Failure of the bidder to furnish a bid bond;
3. Failure of the bidder to acknowledge receipt of an amendment to an invitation for bid;
4. A bidder providing detailed prices on almost all lines of a BOQ but misses to price a few items.

### 8.8.3 Apparent clerical mistakes

During preliminary screening, the TET shall examine all bids for mistakes. The TET in collaboration with the Procurement Officer may correct any apparent clerical mistake before award, given that they first obtain a verification of the bid intended from the bidder. Examples of apparent mistakes include:

a) Obvious errors in totaling price: The unit prices will prevail, when errors in totaling have been made;
b) Obvious discrepancy between the amounts in figures and in words, the amount in words will prevail;
c) Obvious misplacement of a decimal point;
d) Obviously incorrect discounts (e.g. 1 percent, 10 days; 2 percent, 20 days; 5 percent, 30 days);
e) Obvious reversal of the price FOB destination and price FOB origin;
f) Obvious mistake in designation of unit;
g) Error in stating the bid validity.

If the evaluation team believes a mistake has been made, and if the bidder formally and in good faith confirms the error, the matter shall be processed in accordance with the following procedures before final evaluation and award take place.

Correction of the bid shall be effected by attaching the bidder’s verification to the original bid and a copy of the verification to the duplicate bid. Correction must not be made on the face of the bid, but must be reflected in the award document.

Correction of bids submitted by electronic data interchange shall be effected by including in the electronic solicitation file the original bid, the verification request, and the bidder’s verification. As above, the correction must be reflected in the award document.

8.8.4 Apparent errors in price. UNRWA is not responsible for errors in price made by bidders. However, UNRWA shall verify prices in cases where it believes there is an error (e.g. a specific item price very high or very low). The bidder shall then be informed that revision of the original price is prohibited, and that non-compliance shall result in rejection of the offer. If the bidder confirms that the original price is correct, the evaluation can proceed. Should the supplier acknowledge that the price is incorrect, the offer must be rejected in order to adhere to the principle of fair and equal treatment of all suppliers. The communication with the bidder must be in writing and kept on file for the record in order to facilitate audits.

8.8.5 Abnormally low bids/proposals. An abnormally low offer is one where the price in relation to the scope, methodology, technical solution and requirements, appears so unreasonably low that it raises concerns to the evaluation team in regards to the bidder’s ability to perform the contract successfully. When an abnormally offer is identified, the Procurement Officer shall seek written clarifications from the bidder, including detailed price analysis for its prices in correlation with the scope, proposed methodology, schedule, and allocation of risks and responsibilities. After the evaluation of the information and detailed price analyses presented by the bidder, the evaluation team may a) accept the offer; b) if appropriate, require that the amount of the performance security be increased at the expense of the bidder to a level sufficient
to protect UNRWA against financial loss in the event of default of the successful bidder under the contract; or c) reject the offer.

8.8.6 **Partial quantity offers and split awards.** In certain situations, it may be in the best interest of the Agency to award more than one vendor or not the highest-ranked vendor. These include cases where the solicitation allows for partial quantity offers and where the highest-ranked bidder submitted an offer for less than the entire quantity of goods, services or construction required or cases where multiple lots / items are required for which no single vendor can provide an economic officer. In such situations, the Procurement Officer, in collaboration with the TET, may elect to split the total requirement among the highest-ranked bidder(s) who submitted responsive offers, successively exhausting the quantities available in accordance with the ranking of the vendors until the requirement has been fulfilled.

However, should a single lower-ranked vendor or a group of lower-ranked vendors be in a position to supply the entire requirement, the Procurement Officer may also determine that recommending award to other than the highest-ranked Vendor(s) is in the best interests of the Agency because:

a. It represents the most cost-effective option, based on an analysis of not only the direct costs of the goods, construction or services, but also the incremental operational / administrative costs associated with the issuance, management and administration of multiple contracts and vendors; or

b. It is considered to be the most appropriate and/or lowest-risk means to fulfill a requirement associated with an emergency or operational urgency, notwithstanding the higher direct costs.

8.8.7 **Alleged proscribed practice by bidders.** While conducting the evaluation of the offers, the TET should satisfy itself that there is no indication of fraud, price-fixing or suspicious actions on the part of the bidders in terms of collusion. The following are typical red flags indicating risks of a proscribed practice by one or more bidders, inter alia:

(a) Bank guarantees submitted by different bidders have been issued by the same bank and have almost identical reference numbers;

(b) Bid/proposal securities submitted show apparent irregularities (e.g. logos or names or issuing banks);

(c) Details regarding ownership and management in respect of several bidders show that these bidders have same directors, partners, owners, etc.;

(d) The same vendors submit bids and each company seems to take a turn being the successful bidder;
(e) Some bids are much higher than published price lists, previous bids by the same firms, or cost estimates;

(f) Registration certificates show inconsistencies, e.g. in terms of dates, registration institution, etc. or frequent changes of company name;

(g) Quality certificates are issued by dubious providers;

(h) Bank account information provided on the supplier form is under the name of an individual and not a company.

(i) Lots are split between bidders; i.e. one bidder is lowest for lot 1, the other for lot 2, etc.; or one bidder quoted for lot 1 only, another bidder for lot 2 only, etc.;

(j) Several offers have been submitted using the same letterhead, containing the same spelling mistakes or other indicators that they may have been drawn up by the same person;

(k) A vendor submits a bid when it is incapable of successfully performing the contract (likely a complementary bid).

When there is an indication of a proscribed practice by any of the bidders, this shall be reported with no delay to the Chief, CSSD or FOD. Alternatively, the Ethics Officer can be consulted for confidential advice. The Chief, CSSD or FOD will then advise how to proceed with the evaluation process. More examples of proscribed vendor practices can be found in Section 1.5.

8.9 Discussions with Vendors

8.9.1 Clarification from vendors. In principle, offers shall be evaluated based on the information provided in the offer. However, after the submission of offers, clarifications regarding the offers are sometimes required from bidders, in order to be able to conduct the evaluation process properly. The purpose of such clarifications is to clarify any aspects of the offer which are not clear or incomplete and may be remediated.

Clarifications to the offers may only be sought by the Procurement Officer and not by the members of the TET directly. The members of the TET may not communicate with any bidder directly during the course of the evaluation.

Clarifications to the contents of the offer may be sought, taking into consideration the principle of equal and fair treatment of all vendors. In particular, no change in the price can be sought, offered or permitted, except as required in order to allow for correction of arithmetic errors discovered by UNRWA.

The discussions shall preferably be conducted in writing, but may also be conducted in a meeting or via teleconference or videoconference. Regardless of how the discussions are being conducted, all discussions shall be summarized in writing, along with clarifications provided, and kept in the procurement case file.
Seeking clarifications from vendors after receipt and opening of offers is different from modification of offers prior to the submission deadline (see Section 7.2). Clarification is also different from negotiations, which are covered in the next section.

8.9.2 Negotiations. Negotiations are discussions with a bidder after selection of best offer, but prior to award of a contract, with the purpose of ensuring best value for money for UNRWA in the procurement process without compromising the principle of fair and equal treatment of all bidders. In principle, negotiations are usually not undertaken when formal methods of solicitation are used. However, in such situations, negotiations can still be justified, for example if only one substantially compliant offer has been received and the price is not deemed competitive to ensure best value for money for UNRWA. In situations of direct contracting, negotiations can prove very effective to ensure best value for money.

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

For any negotiation with a bidder as a minimum two UNRWA personnel must be involved at any time. Amongst the two personnel, one must be the Procurement Officer. Based on the nature and complexity of the requirement, it may be useful prior to the start of negotiations, that the negotiation team prepares a brief outline of the expected negotiation outcomes (not to be shared with the bidder) and that each individual is given specific roles and responsibilities in the process. The results of the negotiations must be recorded in a note to the file.

Prior to taking up negotiations, approval needs to be obtained from the Awarding Authority. Approval should be sought by using the applicable template which is available on the UNRWA intranet.

8.9.2.1. Negotiations following competitive bidding (RFQ, ITB, or RFP). The purpose of negotiations is to ensure that the technical offer is in line with the requirements and that the financial proposal is competitive on all aspects of the price. In the negotiations, any deficiency in the offer must be brought to the attention of the supplier. The supplier must be allowed to make adjustments in the proposal in order to improve and more clearly specify the contents of the offer. However, under no circumstances shall the requirements (specifications/TOR/SOW) be changed. If the requirements are materially changed, the competitive process must be cancelled and a new procurement process must be initiated on the basis of the revised requirements.

This type of negotiation should rarely be used and should only be conducted with the vendor selected for recommendation of award (negotiations with the other bidders are not permitted) and if due cause exists. Proper justification must be provided explaining the reason why negotiations are conducted in the particular case. Examples for due cause for conducting negotiations after competitive bidding include, inter alia, situations such as:
(a) Budget constraints, where the available budget is not sufficient to purchase the requested goods or services;

(b) The highest scoring offers contains additional services, which were not required in the solicitation documents;

(c) DSA rates, travel cost, etc. are not in line with standard rates;

(d) Marginal quantity increases lead to quantity discounts. However, in cases where the quantity is substantially increased, or if the market price of the goods is likely to or may have dropped substantially between the deadline for the submission of bids, and the date of completion of the evaluation, re-solicitation should be considered;

(e) The TET has concluded that the offered price is not reasonable.

In each case, proper justification must be provided and included in the procurement case file explaining the reason why negotiations are conducted in the particular case. In exceptional circumstances, negotiations may also be undertaken with more than one bidder and the procurement case file must document the rationale for this approach.

8.9.2.2. Negotiations in situations of direct contracting. In instances where direct contracting is justified further to an exception to the use of formal methods of solicitation (other than low value procurement), negotiations are normally recommended in order to ensure best value for money. Since no competitive solicitation process has been carried out, UNRWA has no immediate evidence that the product offers acceptable price and quality. Since no comparison of offers has taken place in the evaluation process, UNRWA needs to make every effort to justify the selection and ensure the reasonableness of price by attempting to obtain the most favourable terms and conditions for every aspect of the supplier’s offer. Good examples of key activities that may be carried out prior to such negotiations include proper costing studies, market research, expert consultations, verification of client references, liaison with other UN organizations, comparison with benchmarks or indices as available, etc.

8.10 Recommendation

For all procurement actions above the low value procurement threshold, the results of the technical evaluation shall be documented in an evaluation table and summarized in the technical evaluation report as necessary. The level of detail of the technical evaluation should be commensurate with the complexity of the process. All evaluation criteria must be reflected in the evaluation report. Allocation of points as per the evaluation table (in the case of RFP it is mandatory to include a clear narrative supporting the points allocated to each technical proposal) must be clearly identified. Any rejection, non-compliance, and clarifications of offers must be clearly stated, including a list with the final ranking of the offers and the reasoning on how the winning offer(s), was/were selected.
The technical evaluation table and report must be dated, identify the process to which it relates and the name of each signatory must be stated under the signature. The evaluation table and report must be signed or electronically approved by all the members of the TET and kept in the procurement case file. The evaluation table and report are confidential documents and must not be distributed to individuals other than those involved in the respective procurement process.

The TET submits the evaluation table and report to the Procurement Officer. The Procurement Officer reviews the evaluation for completeness and correctness and will obtain from the TET any necessary additional information or clarifications. The technical evaluation table and report become part of the overall recommendation of award document (also referred to as “contract proposal”). The Procurement Officer prepares the recommendation for award. The recommendation of award contains a summary of the procurement process and its individual steps. The award recommendation document typically contains the following:

- An introduction, i.e. a brief description of the procurement activity
- A summary of the evaluation process
- A summary of the technical and commercial evaluation
- Clarifications requested from vendors and analysis of their responses
- Any case of rejection of an offer, with justification
- Identification of the winning offer and recommended vendor.
9  Procurement Process Review and Decision

9.1  Organisation of Procurement Review

All procurement activities are subject to a review process prior to award in order to ensure compliance with UNRWA’s Regulatory Framework. The review process ensures that the appropriate authority has been obtained for the commitment of funds; that the best interest of UNRWA and the Palestinian refugees are protected; and that the procurement activities are carried out in conformity with UNRWA’s Regulatory Framework, including relevant policies and procedures. Procurement review is done by either: (a) the Awarding Authority directly, or (b) a procurement review committee, i.e. either the Headquarters Committee on Procurement (HCP) or a Local Committee on Procurement (LCP). Depending on the monetary threshold, the review is carried out by either the Awarding Authority themselves, the HCP or an LCP, as defined in Section 9.4.

Further to the content covered in these sections, each procurement review committee may establish their own rules of procedure by two-third majority of its members and those procedures must be aligned with the UNRWA Regulatory Framework.

9.2  Membership / Composition

9.2.1  Headquarters Committee on Procurement (HCP). The HCP is established at HQ. The members of the HCP are:

a. The Deputy Chief of Staff who shall act as Chairperson and who shall also appoint a Secretary;

b. A legal officer of the Department of Legal Affairs, designated by the Director of Legal Affairs;

c. A senior staff member of the Finance Department designated by the Director of Finance;

d. A senior staff member of the Program or Support Departments other than the Central Support Services Division and the Department of Internal Oversight Services (whose membership shall be on a yearly rotating basis among the different Departments, such rotation to be determined by the HCP Chairperson);

e. A Deputy Field Office Director (whose membership shall be on a yearly rotating basis among the five Field Offices, such rotation to be determined by the HCP Chairperson);

The members are appointed personally and in their individual capacity. The members can be represented by an alternate member, which are also appointed in a personal and individual capacity as per items b. through e. above. The HCP Chairperson or Procurement Officer may

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9 The Secretary of a procurement review committee is not a member of the committee.
request the presence of representatives of the Requesting Department, Technical Experts or additional representatives from procurement in order to clarify matters relating to any submission.

In cases of UN collaboration where UNRWA is the lead UN entity it may provide for representation by the other participating UN entities on the applicable procurement review committee (HCP or LCP).

**9.2.2. Field Office Local Committee on Procurement (LCP).** An LCP is established at each Field Office, except the Jordan Field Office. The LCP shall have no less than three members (including the Chairperson) each of whom shall be appointed by the Field Office Director. Each member must come from a different department or division and no member can be appointed from the Field Procurement and Logistics Office. The Field Office Director also appoints a Secretary. The LCP Chairperson informs the Chief, CSSD of any change to the membership of the LCP.

The LCP Chairperson or Procurement Officer may request the presence of representatives of the Requesting Department, Technical Experts or additional representatives from procurement in order to clarify matters relating to any submission.

**9.3 Organisation of Work / Schedule**

The HCP and each LCP shall meet as often as is required to review submitted cases on a timely basis, but at least twice per month if cases have been submitted for review. The Secretary of the procurement review committee organizes and invites to the procurement review committee meetings.

A quorum shall consist of three members. In the event of a tie vote the chairperson breaks the tie.

A member must recuse herself/himself from the review of cases from her/his own department.

The HCP and each LCP may carry out the review of any submitted case by email circulation, hence a joint meeting is not necessarily required for each case.

If the chairperson of a committee cannot attend a meeting, the members of the committee present during the meeting shall elect a chairperson from among themselves.

If a member cannot attend a meeting, they shall be represented by their alternate member.

**9.4 Scope of Review**

**9.4.1. Scope of Review.** The procurement review committee (either HCP or LCP) shall review:

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10 The Secretary of a procurement review committee is not a member of the committee.
a. Proposed contracts which involve commitments to a single vendor involving awards to a supplier in respect of a single request for a specific purpose, or a series of related\textsuperscript{11} requests for the same specific purpose, which in aggregate have a value greater than or equal to the thresholds indicated in Section 9.4.2 below in the last 6 months\textsuperscript{12};

b. Proposed contracts of any value which could reasonably lead to a series of related contracts, the total of which may be greater than or equal to the thresholds indicated in section 9.4.2 below, including indefinite quantity contracts, long-term agreements and similar types of proposed contracts;

c. Proposed material amendments or series of material amendments to awarded contracts:
   (i) which in aggregate would increase the contractual amount by more than 20% or USD 500,000 (HCP) / USD 150,000 (LCP) (whichever is lower); or
   (ii) which, when effected, will take the contract beyond the LCP review threshold; or

d. Any contract or series of related contracts that involve income to the Agency that during the term of the contract including any optional extension periods exceed the thresholds indicated in section 9.4.2 below;

e. Any amendment, modification, or extension of a contract previously reviewed by the procurement committee that involve income to the Agency where the modification decreases the originally approved income to the Agency by more than 20%;

f. Post-facto and retroactive cases with a total value greater than or equal to the thresholds indicated in section 9.4.2 below in order to provide advice to the Chief, CSSD or FOD (as applicable) on ratification of actions not conforming to the established review and award processes.

Review by a procurement review committee may not be required for contracts resulting from UN cooperation. Chapter 14 describes when such review is required and when it is not.

Procurement actions which do not fall under any of the points above or are below the monetary thresholds in the table in Section 9.4.2 are reviewed by the appropriate Awarding Authority directly. This means that the Awarding Authority shall determine whether all applicable procurement rules and processes have been duly followed prior to making a decision to award a contract. The Awarding Authority can also, upon her/his full discretion, request the review of any other procurement case and advice by the procurement review committee prior to award of a contract.

9.4.2 Monetary thresholds for procurement review.

\textsuperscript{11} Related means that requirements could have been reasonably anticipated, quantified and potentially consolidated.

\textsuperscript{12} If in the last 6 months an award was made following a review by a procurement review committee and a contract was issued to the supplier for the same purpose, the amount so approved for contract award and all preceding awards must be excluded for the purpose of calculating the aggregate amount; i.e. the most recent award made after receipt of written advice from the procurement review committee will “reset the aggregate count to zero”;}
<table>
<thead>
<tr>
<th>Procurement action</th>
<th>LCP</th>
<th>HCP</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Awards further to the use of formal methods of solicitation or exceptions to the use of formal methods of solicitation</td>
<td>Over 150,000 USD and up to 500,000 USD</td>
<td>Over 500,000 USD</td>
</tr>
<tr>
<td>• Income-generating contracts</td>
<td></td>
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Issues relating to the thresholds/authority of HCP or an LCP (such as whether a particular submission should be submitted for review to HCP or LCP), shall be determined by the HCP or LCP Chairperson, in consultation with Chief, CSSD.

9.5 Preparation of Submissions for Review

In order to facilitate the review process and subsequent award by the appropriate Awarding Authority, documentation must be prepared summarizing the procurement activity. This document should contain all relevant information related to the procurement process and the appropriate template available on the UNRWA intranet shall be used.

The documentation shall be prepared by the Procurement Officer who will ensure that the documentation provides a complete and exact picture of the actual process. The Procurement Officer is accountable for the completeness and quality of the submission. The Secretary reviews the submissions for completeness and may request additional information prior to accepting a submission for review at a meeting if the Secretary spots that a required attachment (for instance, an evaluation report) is missing. A submission which is incomplete may be returned by the HCP or LCP prior to review.

It is a good practice to include the following in the submission (as applicable and available for a specific procurement process):

- Background related to the procurement need
- Summary of the specifications/technical requirements used in the solicitation (and justification if not generic)
- Sourcing method, i.e. how potential bidders were sourced, and the solicitation documents published
- Solicitation method (and justification if a formal method of solicitation was not used)
- Bid opening report
- Technical evaluation table and report as applicable
- Analysis/selection process and criteria (and confirmation that these were included in the solicitation documents) and an explanation as to how the evaluation criteria stipulated in
the solicitation documents have been applied, to enable the HCP or LCP to review whether the technical and financial scores have been calculated correctly

- Evaluation of the recommended vendor’s reliability (e.g. financial stability).
- Supporting documentation relating to past performance, should the potential vendor have had a contractual relationship with UNRWA in the past
- Proposed recommendation for award

9.6 Decisions / Recommendations

9.6.1 Opening of the meeting. The procurement review committee chairperson or secretary shall specifically ask each member prior to or at the start of each meeting to indicate whether he or she has a conflict of interest regarding with any of the submissions on the agenda. In the event of a conflict, the chairperson will ask the relevant member to recuse themselves from the review of the submission in question which will be reviewed only by members with no conflict of interest. The Secretary shall include a paragraph in the minutes of each review committee meeting regarding the members’ confirmations as to whether they had a conflict of interest. The Chairperson shall confirm that a quorum is reached for each of the submissions on the agenda, and the Secretary shall record the attendance of members, representatives from the Requesting Department, Technical Experts, representatives from the procurement function and/or other observers.

9.6.2 Discussions. The Chairperson’s role includes encouraging the exchange of views and open discussions, in a spirit of respect and collegiality, amongst the members in order to attempt to reduce any areas of disagreement. However, it is stressed that each member is to fulfil his/her duties in accordance with his/her conscience and professional judgment; and members shall not be placed under pressure by other members to change their analysis.

The procurement review committee members are encouraged to address questions to the Procurement Officer who has submitted the case or the requisitioner before making their recommendation. In particular when it comes to interpreting procurement policy, e.g. when a certain situation is not addressed in OD 10 or this Procurement Manual, the procurement review committee members are encouraged to seek advice from the Chief, CSSD.

It is good practice to have procurement review committee discussions during an open session. During the open session, the Procurement Officer (and other present stakeholders who are not members of the procurement review committee itself) can present the case and respond to any question related to the procurement procedure and commercial evaluation. If necessary, the requisitioner may attend to respond to questions, e.g. related to the technical evaluation. Afterwards, the members of the committee may choose to exceptionally deliberate in a closed session of the meeting. If that is the case, the committee may then inform during an open session.
the Procurement Officer and Requisitioner on the advice that will be provided by the committee to the Awarding Authority.

**9.6.3 Decisions.** The Procurement Review Committee shall endeavor to make recommendations in respect of the submissions by consensus, and if consensus is not possible, by vote by simple majority of the members. If there is a tie in the vote, the Chairperson has the deciding vote. The Secretary is not a member of the committee and does not have voting rights. The procurement review committee shall decide on any issues of procedure not addressed in OD 10 or this Procurement Manual in accordance with above stated voting procedures.

It is good practice to actively invite the Procurement Officer who has submitted the case and, as appropriate, representatives from the requisitioning unit or technical experts to the part of the procurement review committee meeting when her/his case is discussed. This will enable the direct discussion of questions with the relevant stakeholders and can enable faster decision-making. The procurement review committee members may or may not then decide to lead a confidential discussion without the procurement personnel present prior to taking a decision and making a recommendation.

**9.7 Minutes and Circulation**

The Secretary of the procurement review committee is responsible for preparing and distributing the minutes of the procurement review committee meeting highlighting key aspects of the discussion as well as key action points and the procurement review committee recommendation, i.e. whether to award or not award a contract or award it subject to certain conditions being met.

The minutes have three objectives:

- The minutes should be self-contained and sufficiently clear to enable the Awarding Authority to learn the salient facts in order to make an informed decision with regard to the recommendation.
- The minutes should where appropriate serve as a learning tool for the submitting officer, so that any flaws in the process followed are identified and advice regarding better practice for the future is clearly communicated; and
- The minutes can also be a tool for highlighting any suggestions of the procurement review committee to be taken into account by the CSSD Policy & Compliance Monitoring Section for the continuing improvement of UNRWA procurement policies.

The minutes are finalized usually through email circulation to all members of the procurement review committee who can respond with their approval. Care must be taken in either way to record the approval of the minutes, either through signature or via emails which are to be added to the minutes and eventually included in the procurement case file.
Once finalized, the Secretary of the procurement review committee sends the minutes to the Chief, CSSD (for HQ and Jordan Field Office procurement) or the Awarding Authority (for field procurement).

For Chief, CSSD and FOD as Awarding Authority only: Chief, CSSD and FOD are not obliged to follow a recommendation from the procurement review committee, whether it be to approve or reject a request (even though such a decision should be exceptional). Should the Chief, CSSD or FOD decide to award a contract contrary to the advice of the procurement review committee, prior clearance for such action is required from the Deputy Commissioner General (DCG) who should consult with the Chief of Staff regarding the proposed procurement action. The Chief, CSSD or FOD must record in writing the reasons for departing from any procurement review committee recommendation. In such case, the Chief, CSSD or FOD must also inform the procurement review committee of the DCG’s decision.

9.8 Emergencies and Exigencies

Procurement review during declared emergencies are covered in detail in Section 15.5. Section 15.5.3.6 also applies to cases of exigency.

9.9 Ex post facto

A formal award is required prior to any commitment being entered into by UNRWA, e.g. prior to signing a contract for services, placing an order, etc. Furthermore, a contract needs to be established and signed by both parties prior to delivery of any goods or before works or services may begin.

A post facto situation occurs when a commitment has been made by UNRWA, or existed de facto, before a formal award of contract has been made based on the UNRWA Regulatory Framework. The UNRWA procurement framework does not foresee procurement contracts on an ex post facto basis. This is a serious deviation from the UNRWA procurement policies and procedures and should be avoided and only occur as rare exceptions, e.g. in genuine emergencies (see also Section 15.5 for how to conduct procurement in emergency situations). Ex post facto cases expose the Agency to risk of claims by vendors due to lack of adequate contractual arrangements, as well as to justifiable criticism from oversight bodies of the deficiency of the Agency’s acquisition planning and internal control.

When post facto situations occur, written justification shall be provided in the case presentation to explain the reasons why timely submission of the case was not possible. Such justification should identify the reasons for the ex post facto situation and propose how to address the root cause in order to avoid reoccurrence.

Two cases can be distinguished as follows:
• Fully Ex Post Facto Case: A procurement action, whether a written contractual instrument exists or not, in which UNRWA entered into a commitment for the provision of goods or services in full prior to submission of the procurement action to the relevant procurement review committee for its recommendation to the Awarding Authority;

• Partially Ex Post Facto Case: A procurement action, whether a written contractual instrument exists or not, in which UNRWA entered into a commitment for the provision of goods or services in part prior to submission of the procurement action to the relevant procurement review committee for its recommendation to the Awarding Authority.

If a fully or partially post facto situation occurs, a post facto noting of the contract must be obtained from the Awarding Authority whose authority for post facto cases covers the monetary value involved, with prior review by the relevant procurement review committee, if applicable. The review of a post facto case is carried out with regard to compliance with the principles, regulations, rules, policies and procedures of UNRWA relating to procurement. The procurement review committee may take note of ex post facto cases submitted to it, or not take note and request clarification, and issue observations on the propriety of the action taken. It must also be understood that the noting of the Awarding Authority does not constitute and must not be taken as the establishment of a precedent or justification for not taking timely and appropriate action(s) to comply with the UNRWA procurement policies and procedures.

All UNRWA personnel are expected to make every effort to avoid fully or partially post facto cases. UNRWA personnel leading the Agency into post facto situations may be subject to administrative or disciplinary action. Such cases will be monitored to see if such personnel can be held personally accountable.
10 Awards

10.1 Award and Finalisation

Award is the decision and approval to establish a contract with a selected vendor. Award decisions, based upon direct review by the Awarding Authority or review by a procurement review committee, can be made only by the Awarding Authority holding the appropriate Delegation of Authority (DOA). All award decisions must be made using the applicable UNRWA template and be kept in the procurement case file.

In cases where the Awarding Authority exceptionally decides not to follow the recommendation of the procurement review committee, the Awarding Authority shall record the reasons for such a decision in a written statement and add it to the procurement case file. Only the DCG can make the decision to award a contract against the recommendation of the procurement review committee. In such case, the Chief, CSSD or FOD must inform the procurement review committee of the DCG’s decision.

Contracts shall be awarded within the offer validity period. If it is not possible to award the contract within the original period of offer validity, an extension of the offer validity period must be requested. A bidder may refuse the request without forfeiting its bid/proposal security. Bidders agreeing to the request will not be permitted to modify their offers but will be required to extend the validity of their bid/proposal securities (if applicable) for the period of the extension. As such, extensions must be requested as early as possible to allow bidders sufficient time to produce a new valid bid/proposal security before the expiration of the original.

An award may be made subject to the prior fulfilment of conditions, typically further to the review by a procurement review committee. The Awarding Authority may not approve or sign any contractual instrument committing the Agency to the expenditure of funds without documented confirmation that adequate funds for the procurement activity are available.

10.2 Vendor Notification, Debriefing and Protest

10.2.1 Vendor Notification and Debriefing. Bidders that submitted an offer but were not awarded a contract should be, either verbally (for informal methods of solicitation only) or in writing (preferred way and for formal methods of solicitation), notified about not being selected by the Procurement Officer as a matter of courtesy considering the effort preparation of offers takes.

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

Debriefing is carried out by the Procurement Officer who can request the support from a member of the technical evaluation team for matters regarding the technical evaluation of the offer.

10.2.2 Publication of Award. After selection of a vendor, award of contract and contract signature, the Procurement Officer shall upload the award information to the UNGM for all awards over USD 100,000. The notice of contracts issued shall contain a brief description of the contract, reference to the solicitation and contract numbers, the contract amount and currency, the date of the contract, and the name and country of the vendor. Vendors should be informed in the solicitation documents that all contract awards at USD 100,000 or above, will be published on the UNGM.

10.2.3 Bid Protest Procedures. Bidders that perceive that they have been unjustly treated in connection with the solicitation or award of a contract or that otherwise allege a failure of UNRWA or any of UNRWA personnel to comply with relevant procurement procedures and uphold the basic principles and standards of integrity, transparency and fairness may protest as follows.

1. The bidder may protest directly to the relevant Procurement Officer within ten working days of receipt of the notification that the bidder has not been awarded a contract (or publication of award). The Procurement Officer will review the protest, consult with the Head, FPLO or Chief, CSSD and Head, FLO or DLA as appropriate, and provide a reply to the bidder. If the Procurement Officer is subject of the protest, the bidder may forego this step and protest directly with the Head, FPLO or Chief, CSSD.

2. The bidder may subsequently protest to the Chief, CSSD. The Chief, CSSD may seek all necessary clarifications from UNRWA personnel and may consult with the Head, FPLO. The Head, FPLO or Chief, CSSD upon consultation with Head, FLO or DLA as appropriate, will issue a response to the bidder and may, as appropriate, meet with bidder’s representatives to better explain the rationale for UNRWA’s decisions.

A protest typically contains the following information:

- The protestor’s name, address, telephone number and email address;
- The solicitation or contract number, the name of contracting office/business unit;
- A detailed statement of all factual and legal grounds for the protest and an explanation of how the protestor was wronged;
- Copies of relevant documents supporting the protestor’s statement;
- All information establishing that the protestor is an interested party for the purpose of filing a protest;
• All information establishing the timeliness of the protest.

All vendors shall be informed of UNRWA’s bid protest procedure in the solicitation documents. The procurement personnel who were involved in the procurement activity in question shall not participate in the review of the protest other than providing all information requested by the Awarding Authority or Chief, CSSD.

The Head, FPLO or Chief, CSSD may, following consultation with DLA (for HQ procurement) or the Head, FLO (for field procurement), suspend implementation of the contract pending resolution of the protest taking into consideration the following: (a) whether uninterrupted contract performance would be in the best interest of UNRWA, (b) whether urgent compelling circumstances do not permit delay in the implementation of contract, and (c) whether the protest, on its face, raises legitimate concerns or – to the contrary – is frivolous or was made in bad faith.

If a bidder considers that the outcome of the bid protest is incorrect or unjust, they can appeal the decision by the Chief, CSSD with the Chief of Staff, whose ruling on the matter will be final and represent the formal position of the Agency.

If the protest involves allegations of wrongdoing by UNRWA personnel, the Procurement Officer, Head, FPLO or Chief, CSSD shall forward the protest to DIOS for its consideration of the protest in accordance with its own procedures.

If the protest involves any allegation of a proscribed practice on behalf of a bidder, the case shall be submitted to the Chairperson or Secretary of the Vendor Review Committee.
11 Contractual Instruments

11.1 Overview

11.1.1 Types of contracts. After the successful conclusion of a solicitation process, UNRWA offers a contract to a vendor. A contract is a written, legally binding agreement between UNRWA and a vendor, which establishes the terms and conditions, including the rights and obligations of the Agency and the vendor. A contract may take many different forms, for instance any of a number of types of template agreements or a Purchase Order.

Contracts are prepared by the Procurement Officer based on the Agency’s standard templates approved by DLA for purchase of goods and services as well as for construction including leases. Approved UNRWA standard contract forms must always be used unless, in exceptional cases, the Awarding Authority presents substantiated reasons to use different templates or other formats, e.g. which are routinely used in certain industry sectors (e.g. utilities, leases for property, electrical or water services), and these have been reviewed and approved for use by DLA.

Use of a contract other than standard contract forms, or modification of, or deviation from, provisions contained in the standard contract forms, is subject to approval by DLA (for HQ procurement) or the Head, FLO of the relevant field offices (for field procurement) prior to the publication of the solicitation documents. If multiple bidders express reservations to compliance with UNRWA’s standard contract forms as annexed to the solicitation documents, they must be transmitted to DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement) for review for advice prior to the procurement review and award stages of the procurement process.

Contracts must be issued and signed physically or electronically by both UNRWA and the vendor prior to any delivery of goods, and/or the start-up phase of works or before services are being rendered. Upon signature of the contractual document by both parties, the contract is legally binding.

For procurement of goods, services, and works UNRWA uses the following approved standard contract forms, which are available on the UNRWA intranet:

a. Purchase Orders (including Micro Purchase Orders)
b. Long-Term Agreements (including call-off orders against LTAs)
c. Service Contracts (standard and de minimis service contracts)
d. Construction Contracts

The Procurement Officer will determine the appropriate contractual instrument, also taking into consideration the information provided by the requisitioner.
11.1.2 **Contract finalization discussions.** The purpose of contract finalization discussions with vendors is to clarify any remaining issues that are not defined by the requirements in the solicitation documents or by the vendor’s offer, but which are essential for proper implementation of the contract(s). Contract discussions should result in a clear understanding of terms and conditions agreed upon by the parties and their respective responsibilities under the contract.

Certain key areas, such as detailed delivery plan, milestones, and in certain cases, special terms and conditions, may form part of the contract discussions. However, this should not be confused with negotiations, as these should be conducted prior to award as per Section 8.9.

No negotiations of significant contract terms and conditions should take place following contract award, as the modification of certain material provisions (e.g. limitation of liability, insurance, and liquidates damages) may disadvantage other bidders and expose UNRWA to bid protests.

11.1.3 **Issuance and Documentation.** All contracts must be approved and signed by an Awarding Authority on behalf of UNRWA and by a duly authorized individual on behalf of the vendor. When a contract or contract amendment is submitted for approval in REACH, the signed contract or amendment should also be attached in REACH. A contract will come into force once both contracting parties have signed it.

The contract should be issued to the vendor, and the vendor should be instructed to return a confirmation of acceptance, e.g. through an email or a signed electronic copy to UNRWA, by a relevant official with the appropriate level of delegation of authority. The approved contract must be kept on record for future reference.

Once a contract has been established, it may be amended only if the contract provisions allow modifications and if additional related goods and/or services are to be provided/rendered by the same vendor in furtherance of the execution of the original contract. Each contract amendment must be in writing and must comply with applicable contractual terms and conditions and this Procurement Manual.

### 11.2 Standard Contract Elements

A contract between UNRWA and a vendor must contain information on the nature of the product being procured, the quantity being procured, the overall contract and/or unit price, the period covered, conditions to be fulfilled, including the UNRWA General Conditions of Contract, terms of delivery and payment, and those details required to identify the vendor (i.e. name and address). Thus, the contract must reflect the offer made by the vendor in response to UNRWA’s requirements, acts as proof of the obligations made by both parties and protect the interests of UNRWA.
Standard contract elements include each of the following and should thus be contained in every contract concluded between UNRWA and a vendor including those contracts, which are detailed in Sections 11.3 to 11.6:

1. **Identification of the parties contracted** as well as the **person authorized to act on behalf of the contracted party** including: name, address and contact details

2. **A reference to all relevant documents** (i.e. UNRWA solicitation documents which include the requirements, TOR, or SOW, the vendor’s offer, and clarifications in the form of written communication or minutes of the clarification meeting with the vendor, list of policies the vendor needs to comply with, e.g. United Nations Supplier Code of Conduct)

3. **Nature of the goods, services or works being procured** and the **quantity** being provided, as well as the **terms of delivery** and/or **time schedule** for completion;

4. **Contract and/or unit price and terms of payment.** Contracts must be denominated in the currency indicated in the solicitation documents. It is important to establish tangible indicators for payments, linked to milestones in delivery of services or completion of works. For works and many service contracts it is common to have interim progress payments based on a regular measure of the works completed or milestones reached. Final payment must always be based upon acceptance of documentation for substantial / final completion of services or works, or delivery of goods. For Advance Payments, see Section 11.2.1 below.

5. Where used, clauses on **performance security**;

6. Any requirements regarding **insurance and warranties**;

7. **Duration of the contract.** Start and completion dates, as well as milestones for successful performance, must be precisely defined;

8. Contracts for works and services must specify the **name of key personnel**, and their input in terms of estimated person-days, weeks, or months;

9. A statement of the **responsibilities and obligations** of the parties to the contract; including requirements for contract monitoring, supervision and reports; data protection / non-disclosure; copyright, and others

10. Any litigious matters arising out of a contract execution, shall be resolved in accordance with Section 13.4;

11. As a mandatory condition of doing business with UNRWA, it is necessary that vendors as well as their personnel, subsidiaries, agents, intermediaries and principals **cooperate with DIOS as well as with other investigative bodies**, inter alia the UN Office of Internal Oversight Services (OIOS), authorized by the UNRWA Commissioner General as and when required. Such cooperation shall include, but not be limited to, the following: access to all employees, representatives, agents, including but not limited to, the Contractor’s attorneys, accountants or other advisers; as well as production of all documents requested, including financial
records. Failure to cooperate with investigations may lead to UNRWA exercising contractual remedies under the Contract, including termination, and to referral to the Vendor Review Committee for potential sanctioning of the vendor.

11.2.1 Advance Payments. Advance payments refer to payments made prior to receipt of goods or performance of any contractual service or works. Such advance payments are not to be confused with partial or progress payments based on progress made against specific milestones, i.e. when a measurable part of the contract has already been fulfilled. These partial payments or progress payments are often foreseen in contracts for services and works, where the contractual arrangements foresee performance of a series of services scheduled for completion/delivery within the time frame of the contract. These established delivery times for partial services (often referred to as ‘milestones’) constitute the basis for partial payments to the contractor, i.e. progress payments, which are intended as reimbursements of expenditures incurred and partial payments of contractor’s fees already earned.

In contrast to progress payments, should payments be requested in advance of delivery of goods, or rendering of services or works specified in the contract, they would be referred to as ‘advance payments’. Advance payments should generally be avoided as they expose UNRWA to risk of non-delivery or non-performance. Therefore, advance payments should only be agreed upon in exceptional cases, e.g. if necessary to comply with normal commercial practice or deemed to be in the best interest of UNRWA. If a common practice of advance payments exists in the industry/sector, which is often the case for construction works, or in order to avoid financial hardship on the contractor, an advance payment may be justified.

Examples of specific activities that may justify an advance payment are:

- Mobilization costs (mainly for construction works), such as purchase/lease of equipment/materials/machines and/or transfer of same to the project site, establishment of base camps, and transport of personnel to the project site;
- Start-up costs (mainly for services), i.e. purchase of airline tickets, down payments for rental/purchase of office premises/equipment on project site;
- Design or design adaptation costs, related to goods/machines that require design and manufacturing from scratch and/or where no production lines exist;
- Payment of lease (premises), payment of water/gas/electricity, etc.

The maximum amount of advance payment (further referred as Advance Payment Threshold within this document) should not exceed either 20 percent of the total contract value and additionally be limited to a maximum of USD 50,000, unless other factors are involved and justified by the bidder. There is no limited to the maximum amount of advance payments to other UN entities.
An exception to the above advance payment threshold applies in case of procuring low value assets, office supplies, insurances, off-the-shelves software licenses, tickets for regular transportation or processing registration fees/periodic abonnement of services up to USD 50,000, the requirement of maximum 20 percent advance may be waived by CSSD or FOD if the local market conditions require so, but all efforts should be made to limit the occurrence of such arrangements.

Advance Payments below USD 10,000 can be approved by the Awarding Authority. All Advance Payments equal or above USD 10,000 require approval from the DOF. The DOF may delegate the approval for Advance Payments to the Field Finance Officer when values are considered low at the discretion of the DOF.

In addition, any request from the vendor for advance payment shall be justified in writing by the vendor in its offer. This justification must explain the need for the advance payment, itemize the amount requested, and provide a time-schedule for utilization of the requested advance payment amount. When the vendor’s proposal is presented for recommendation for contract award, the technical evaluation team (TET) must summarize the assessment of request for advance payment, indicating whether or not an advance payment is justified.

12.2.1.1 Securities for Advance Payments. Any advance payment must be secured by a bank guarantee or security, which must be reviewed and approved prior to affecting any advance payment. Any bank guarantee or security must be from a reputable firm or bank. If not in the approved standard form, DLA (for HQ procurement) or the Head, FLO of the relevant (for field procurement) must review and approve the wording of the guarantee supplied prior to affecting any advance payment.

In accordance with UNRWA financial rules, advance payments are not permitted without a financial guarantee. The Director of Finance (DOF) may authorize advance payments, when availability of funds has been confirmed, without a financial guarantee:

a. For transactions with other UN entities;
b. At the request of the invited vendor and only in exceptional circumstances related to an emergency or operational urgency, where the Procurement Officer considers the advance payment to be the only effective means to undertake procurement and the associated risk to the Agency to be minimal;
c. For transactions with universities or non-governmental organisations; or
d. In any other case as approved by the DOF.
11.3 Purchase Orders

A PO is a type of contract that documents the purchase of goods and/or services. The standard PO originated from REACH should always be used.

A PO is accompanied by a copy of the relevant packing and shipping instructions, as well as the applicable UNRWA General Conditions of Contract (or reference is made to the applicable UNRWA GCC on the UNRWA website). The vendor should confirm receipt and acceptance of the PO – an email is sufficient to confirm such acceptance.

11.4 Long Term Agreements

A Long-Term Agreement (LTA) is a written agreement between an organization of the United Nations system and a vendor that is established for a defined period of time for specific goods or services at prescribed prices or pricing provisions and with no legal obligation to order any minimum or maximum quantity. LTAs are used to safeguard a reliable source of supply for goods and services at a competitive price, in accordance with pre-defined terms and conditions. Goods and/or services available under LTAs serve a broad range of clients to meet commonly required, high-volume needs in the most time and cost-efficient manner (e.g., generators, uniforms, freight forwarding, etc.). Product and process economic considerations are advised to be applied when purchasing outside of such Long Terms Agreements, which is a decision that is at the sole discretion of each entity, to obtain the best value for the Organization. To arrive at a completely transparent cost comparison, factors to consider include the price of the good or service, installation, maintenance, and freight costs, as well as internal administrative costs associated with the acquisition process, from development of requirements to contract management. Such costs will vary on a case-by-case basis, but concepts like the cost of inspecting prototypes, conducting a solicitation, staff time, etc. can be considered as appropriate by each Entity.

The below provisions apply to LTAs issued by UNRWA. Chapter 14 contains guidance on utilization of LTAs issued by other UN system organizations.

The approved UNRWA standard LTA form, which is available on the intranet, must always be used.

Since procurement through LTAs is a very efficient way to carry out procurement, all Procurement Officers should keep abreast of existing LTAs and assess if an LTA could be used for requirements. Many UN entities upload their LTAs to the UNGM, which is a good place to search for existing LTAs. Otherwise, local offices of other UN entities can be consulted for identifying existing LTAs.

In addition, Procurement Officers should always consider whether the procurement actions they are undertaking themselves could potentially be the basis of an LTA. When establishing an LTA further to formal methods of solicitation, the solicitation documents must make it clear that an
LTA will be established as well as cover the following points: type of LTA and geographical or other coverage, description of the goods and/or services, duration, price adjustment methods (if applicable), and the award methodology, especially when it is expected to award more than one vendor.

When UNRWA established an LTA that other UN entities can potentially benefit from, the Procurement Officer should upload this LTA to the UNGM. Guidelines for uploading of LTAs can be found on the UNGM portal.

11.4.1 Benefits and Risks of Establishing LTAs. LTAs can achieve significant benefits, including:

- Competitive prices: Aggregating the volume over the life of the LTA may lead to lower prices for some types of goods/services, based on the principle of economies of scale. LTAs can enable UNRWA to fully leverage its market position, taking advantage of its size, procurement volume, and geographical presence in order to obtain Best Value for Money. For instance, LTAs might include a provision that vendors must pass on any price reductions obtained through bulk purchase to UNRWA. The same may apply to pre-defined discount schemes in the contract once the Agency has purchased a certain volume.

- A simplified business process leading to reduced transaction cost: An LTA established by a single procurement process allows call-off orders at any time during the life of the LTA, thus avoiding the time and resources needed for repetitive procurement actions for the same set of goods or services.

- Consistency in quality and reliability of the source of supply: By having established quality standards in the LTA, the time spent on inspection and possibility of rejection of goods/outputs are reduced.

- Standardization of requirements: Promotes standardization of requirements across offices, which could contribute to a reduction in operation and maintenance costs and other efficiencies.

- Reduced delivery lead-time: As many aspects are pre-agreed and specified in the LTA, the lead-time between the call-off and delivery is significantly shortened, and this is particularly relevant during emergencies. LTAs are particularly useful for goods that can be stocked, or services set up for immediate mobilization or deployment.

11.4.2 Types of LTAs. There are three (3) main types of LTAs:

a. Single-Vendor LTA: One vendor is supplying the total requirements for a given type of goods/services.

b. Multiple-Vendor LTAs Without Secondary Bidding: Two or more vendors are supplying the same requirements. Among others, the reasons for having multiple LTAs in place can
be related to securing supplies at times of high demand through several sources, geographical location of the vendor (landed costs, shorter transit time, etc.), ability to provide after-sales service and support of the goods, or provision of the services at the specified location, etc.

Wherever the UN has established multiple LTAs with different vendors for the same product or services, Procurement Officers shall make sure they select the LTA which best suits the specific requirement in the respective area of operations.

The reasons for selecting a specific LTA for the issuance of call-off orders shall be documented in the procurement case file including value for money assessment.

c. Multiple-Vendor LTAs With Secondary Bidding: Two or more vendors are supplying similar or identical requirements, and the final placement of each call-off is determined through secondary bidding. If secondary bidding is considered, it shall only apply to those components of a requirement with prices that are not fixed in the LTA (e.g. freight) or that are subject to ceiling prices. Other aspects, such as vendor capacity, delivery time, and mobilization time at the time of the request, may also be subject to secondary bidding.

Note: Some LTAs might include a combination of types (ii) and (iii) above, i.e., particular items, locations, or conditions where orders can either be placed directly to one of the LTA holders or be subject to secondary bidding. Instructions for usage of these types of LTAs must be clearly laid out.

The above types of LTAs can be further classified based on their geographical coverage:

i. Country-Specific LTA: established for use by a specific entity to procure goods or services required in a specific country only. The LTA is set up and managed by the respective entity in that country. An LTA that has been set up in one country for goods and services sourced from within that country should not be used in another country, as the market conditions may vary between the two countries and usage across countries may not reflect value for money;

ii. Regional LTA: for use by several entities in a specific region of the UN entity’s or UNRWA’s operation, to procure goods or services required in a specific region. Such LTAs may be set up and managed either by CSSD or a UN entity within that region;

iii. Global LTA: for use by all UN entities. Such LTAs are normally created and managed centrally by each UN organization.

11.4.3 Establishment of a New LTA. As an LTA is created for a long duration and requires both upfront and long-term resources and expertise to set up and manage effectively, the decision to create an LTA should be based on a brief business case, which should outline the following elements:
a. Description of goods/services required;
b. Type of LTA and geographical coverage;
c. Past spend data in the category and planned spend;
d. Expected duration of the LTA(s);
e. Price adjustment method, if any;
f. Expected benefits and risks of the LTA;
g. Results of market research: number of potential vendors, location, etc.;
h. Procurement strategy: solicitation method, type of competition;
i. Procurement process timelines.

11.4.4 Duration of LTAs. To ensure fairness and competitive terms and conditions, LTAs are typically valid for an initial period of three (3) years. LTAs may then be extended for an additional period of up to two (2) years subject to satisfactory vendor performance (to be documented in a vendor performance evaluation, see Chapter 13), continuing requirement of the goods and services covered, and if the prices offered are within the current market range (e.g. the cost of IT equipment often falls over time and it might not be in the best interest of the organization to extend such an agreement). Foreseen durations beyond this period of five (5) years (3+2) should be outlined in the business case and/or SSP, along with a justification of the need for such extended period.

11.4.5 Call-Off Orders Against an LTA. A call-off order refers to an order issued against an existing LTA. Call-off orders are not subject to review and recommendation by a procurement review committee; however, such orders require approval by the relevant Awarding Authority with the corresponding level of delegation. The principles of cumulative/aggregate amounts do not apply to call-off orders.

In addition to ensuring that the Awarding Authority has the required authority to approve the call-off order, she/he should also be satisfied that the instructions related to the applicability of the LTA have been followed. In particular:

a. If the issuance of the call-off order is the result of a secondary bidding exercise, the Procurement Officer must ensure that the ceiling prices specified in the LTA have not been exceeded;
b. If the issuance of the call-off order is further to a multiple vendor LTA without secondary bidding, that value for money is achieved;
c. The Procurement Officer should be satisfied that any specific conditions of the LTA are met, such as the existence of maximum value for call-off orders, the maximum cumulative contract value, etc.;
Call-off orders must state the details of the relevant LTA, such as the LTA reference number or other specifics that facilitate future reference. When issuing call-off orders, care must be taken that this is done within the validity date, target quantity and/or target value of the LTA.

REACH can be used to monitor the overall spend against an LTA by using the transaction code ME3L.

11.5  Blanket Purchase Agreement

A blanket purchase agreement (BPA) is a written agreement between UNRWA and a vendor. A BPA is established for a defined period of time for clearly specified goods/supplies or quantifiable services at fixed prices or fees. While there is no legal obligation to order any minimum or maximum quantity from the supplier, BPAs often contain a delivery or other time schedule the supplier must follow.

BPAs are typically issued at the local level to satisfy straightforward and recurring operational requirements of a support nature. Typically, a BPA would be issued for supplies such as stationery or cleaning supplies to support an office at the field level; for the delivery of potable water to a variety of locations; and car wash services or other similar requirements, often in the context of maintenance, repair and overhaul.

Any BPA that UNRWA enters into must have a defined contract ceiling, which shall not exceed USD 60,000. The agreed contract ceiling is fixed for the 12-month contract period and cannot be raised. If the BPA is still valid and the requirement persists, once the contract ceiling has been reached there must be a new competitive procurement exercise even if such ceiling is reached before the 12-month period. On an exceptional basis, if the ceiling amount has not been reached in a 12-month period, the BPA contract may be extended by an additional 12 months.

It is important that procurement officers closely monitor orders placed against a BPA and the related expenditures. Procurement officers shall flag to the Awarding Authority any risk of a BPA exceeding the defined threshold well in advance and may not issue any orders against a BPA whose contract ceiling has been exceeded. The Chief, CSSD and FOD, at his/her discretion, may request reports on existing BPAs and the number and value of orders (releases) issued against them.

For tendering of BPAs, the defined thresholds for the use of formal and informal methods of solicitation shall apply: owing to the USD 60,000 ceiling, an RFQ will suffice. BPAs awarded in line with this ceiling are below the review threshold of a procurement review committee.

11.5.1 Release orders against BPA. A release refers to an order issued against an existing BPA; releases require approval by the relevant Awarding Authority. When requesting approval of a
release, and in order to facilitate the Awarding Authority’s decision-making, procurement officers must provide an explanatory note containing the up-to-date number and total value of releases placed against the BPA.

Releases must quote the details of the relevant BPA, such as the BPA reference number, approved contract ceiling or other specifics that facilitate future reference. Once the approved maximum total contract ceiling has been reached, no further releases may be issued against a BPA.

11.6 Works and Construction Contracts

Contracts for works are used to engage entities to perform construction works assignments or combined design build assignments. At UNRWA, construction works are always contracted using a specific type of a service agreement, tailored to works. A separate PO must be issued in REACH for the purpose of committing the funds.

There are two distinct categories of contracts for works. The first, and most common scenario is when the detailed design of the works has been completed, and the scope of the works contract is, therefore, to implement the works as defined in the detailed design. In the second, the objective of the procurement process is both to provide the project’s design and deliver its construction. The applicable UNRWA templates for construction and maintenance contracts, which are available on the UNRWA intranet (ICID pages), have to be used.

General characteristics of works contracts are:

- **Retention:** An amount of money withheld from each and every payment made to the vendor that gives UNRWA leverage to make sure the vendor performs the works satisfactorily. It is recommended to set the retention at 10 percent, released after final completion, i.e. in particular after the DLP.

- **Bank guarantee for advance payments:** An advance payment can be made to the vendor that will enable them to commence the works and get to the first interim payment within their financial means. Bank guarantees are required in these payments to avoid the involved risk. If not in the approved standard form, any security or guarantee needs to be reviewed and approved by DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement). The use of advance payments is discouraged wherever possible. Another option to improve a contractor’s cash flow is to make more regular payments. For details on Advance Payments see Section 11.2.1.

- **Bank guarantee for performance:** This is a bank guarantee from a vendor in order to ensure performance of the works. If the performance of the vendor is unsatisfactory UNRWA can terminate the contract and if necessary cash the bond to recover monies owed. This practice must be carried out within the terms of the contract. The contract for
works must demand a performance security in the form of a bank guarantee to a value equal to 10 percent of the works’ value. Upon taking over the works the guarantee can be reduced to 5 percent until final completion, when it can then be returned to the vendor. It is imperative that the guarantee is kept valid in line with the terms of the contract. If note in the approved standard form, any security or guarantee needs to be reviewed and approved by DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement) prior to any payment being made.

- **Contingency and variations:** Professional planning and implementation of physical infrastructure works requires a contingency allowance, which is a manageable and identified budget for necessary, unforeseen components of works within the overall general scope. Change management for works can be carried out using variations as long as there is no change to the original terms and conditions of the contract.  

- **Insurance:** Provisions regarding required insurances for workers, e.g. third-party liability, workmen’s compensation, etc.

- **Provisional acceptance (substantial completion)** occurs when the works are for all intents and purposes complete and ready to be utilized by the end-user Provisional acceptance is often referred to as substantial completion; it is not always the case that the works are 100 percent finished. A general requirement is that the works can be utilized and occupied by the (referred to as taking over). Contractually taking over involves UNRWA issuing a taking provisional acceptance over certificate (or certificate of substantial completion) to the vendor. At that point UNRWA takes possession of the works.

UNRWA is often also the end user of its construction projects. However, when this is not the case, it is a good practice to hand over the works to the client or end-user as soon as possible, but sufficient budget and planning must be prepared for this period to cover for security and custody of the works for the interim duration. It is advisable to plan the process well in advance so that the client and end-user are prepared to take over on the same day as UNRWA issues the provisional acceptance certificate to the vendor.

Substantial completion is different from final completion. These points in time are separate and care must be taken not to mix them.

- **Defects liability period (DLP)** is the period between provisional acceptance and final acceptance of the works, and the contract itself. The DLP starts with the issuance of the provisional acceptance certificate. The DLP ends with the issuance of the final acceptance certificate. The DLP is to enable time for any defects to become known and made good. Ideally this time period is sufficient for the works to pass through one seasonal cycle or a

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13 Variation orders are subject to the same review requirements (e.g. by a procurement review committee or by an Awarding Authority) as contract amendments, see Section 2.4 and Section 9.4.
full cycle of use. Throughout the DLP, UNRWA must carry out regular inspection, highlighting any defect and seeing that the vendor makes good at their own cost. If these defects are major and prohibit the use of the works it should be considered that the DLP for that item restarts, thus extending the total DLP. The general rule is to establish a 12-month DLP. Taking over shall be simultaneous with UNRWA handover of the works to the client or end user.

- **Final completion** is the end of the vendor’s obligation or responsibility to UNRWA and the works. At this point the responsibility for the works rests with UNRWA until UNRWA makes final handover to the end user or client. At final completion UNRWA returns the bank guarantee for performance, makes the final payment to the contractor, and returns the final balance of the retention. It is also recommended to coordinate this event to take place concurrently with final handover to the client.

More details on procedures and practices relating to construction work are contained in the [ICIP Technical Instruction No. 01](https://www.unrwa.int/technical-instructions).

### 11.7 Service Contracts

A contract for services is a procurement contract used when a legal person is engaged to perform services for UNRWA (for instance, providing corporate consulting services) as opposed to services by a natural person (for instance, providing individual consulting services) which are governed by relevant HR processes. The functions to be performed and a time schedule for execution are specified in the contract.

The approved UNRWA standard service contracts, which are available on the [UNRWA intranet](https://www.unrwa.int/intranet), must always be used. This service contract must also include the applicable General Conditions of Contract. A separate PO must be issued in REACH for the purpose of committing the funds.

UNRWA uses two main types of service contracts: De minimis service contracts and standard service contracts. Standard service contracts are used to procure larger and more complex services pursuant to an RFP or in some circumstances an ITB. If the service being procured is a standard service with a value less than USD 10,000, then the short form de minimis service contract can be used, which is available on the UNRWA Intranet.

Service contracts often foresee partial payments or progress payments. These are payments which are triggered by reaching specific milestones or completing a certain percentage of the overall work. It is essential to capture partial payments clearly and unambiguously in the service agreement. It is good practice to explain in the service agreement how a specific milestone will be measured, what the specific deliverable is and what amount of the overall payment will be affected.
11.8 Micro Purchase Orders

The micro purchasing option provides an efficient procurement process when the requirements are low-valued and the transaction is under the micro purchasing threshold (see Section 6.3 for details). Where there is a clear indication or forecasted demand for the same type of goods, services, or small works, other procurement methods applicable for higher-valued requirements must be used, as may be relevant to the aggregated volume of the requirements. Splitting requirements by Agency personnel into separate (smaller) solicitations for the purpose of avoiding open competition constitutes misconduct and may lead to disciplinary measures.

The Heads of Business Units are responsible for ensuring that the additional flexibilities that the micro purchasing policy provides does not pose nor increase risks to UNRWA and to their respective Business Units.

Micro purchasing can be conducted using Imprest (Petty Cash) or the Micro Purchase Order (MPO) process in the ERP system (REACH). The following options can be used to procure low valued items:

- Imprest / Petty Cash: for those field offices that authorise the use of an Imprest account, but only for purchases up to USD 200;
- MPO: for purchases above USD 200 but not greater than the micro purchase threshold. Used for all low value purchasing when Imprest is not authorised or available but not greater than the micro purchase threshold.

The MPO is carried out using the ME21N transaction in REACH. It effectively eliminates the need for direct settlements by allowing user departments to purchase goods and services directly from vendors via REACH. Provided a vendor and material code exists in the system, and the items required are valued below the micro purchase threshold, an MPO can be raised in REACH using the PM-060-020 process. User departments are responsible and accountable for their own micro purchases, allowing them far more flexibility as well as the ability to track purchases, analyse spend, and monitor their budget.

There is no release strategy for the MPO and administration staff, as system support users, have been assigned the REACH role of MPO creators and releaser. Therefore, budget holders shall formally delegate this activity in writing to their Administration Officers, who will execute this function on behalf of budget holders. Budget holders shall also sign the hardcopy of each MPO to maintain an auditable trail of approval for each purchase. Administration must maintain files of these transactions with all pertinent documents kept on the files.

User departments are responsible for the receipt of low value goods and services in REACH via Goods Receipts (for goods) or Service Entry Sheets (for services). The entire process will enable Finance to accurately identify purchases and receipts in REACH and to make payments for low value goods and services procured by user departments.
The capturing of micro purchases allows the Agency to identify multiple minor purchases for similar commodities to enable procurement strategies to be developed that may include the introduction of LTAs with suppliers for better priced commodities and improved services.
12 Procurement and Logistics

12.1 Overview

Logistics is the process of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and related information from point of origin to point of consumption for the purpose of conforming to end-user (e.g. beneficiary) requirements. In this chapter, the focus is put on the aspects of logistics that are most relevant to the procurement process.

12.1.1 Logistics planning – Summary. The following logistical aspects must be considered in order to avoid unnecessary and costly urgent purchases as well as delays in the delivery of goods:

- Packing and shipping
- Labelling and shipping marks
- Modes of transportation
- Routes and frequency of means of transport
- Freight forwarders
- Incoterms
- Cargo insurance
- Shipping documents
- Receipt of consignment
- Demurrage/storage/parking charges
- Off-loading at destination
- Special import/export restrictions for the countries of origin and destination

12.1.2 Logistics Planning – Details. Effective logistics planning considers activities throughout the various steps of the procurement process. It is one of the key factors in ensuring efficiency of the procurement process and minimizing risks of increased costs and delays. Proper and timely logistics planning is instrumental in minimizing the associated environmental damage, e.g. by enabling to choose a transport method which has a reduced carbon footprint.

Logistics planning begins at the needs assessment phase of the procurement process by considering the desired result of the requisitioner and the end-user (e.g. beneficiary) and identifying the actions needed to ensure successful completion of the activity. The key requirements are close collaboration and effective communication between the requisitioner (e.g. the project or program manager) and the procurement personnel.

The following considerations are essential for effective logistics planning:
1. **Understand the operational context** of the required product and, to every extent possible, assist in developing specifications for shipping, delivery etc. suitable to local conditions;

2. **Determine urgency** of the requirement. Urgency may determine location of the purchase and the mode of transport;

3. **Determine the type of sourcing, mode of transport**, any possible transport requirements (e.g. uninterrupted cold chain), the available lead time and the financial resources for the procurement activity;

4. The use of different **modes of transport** as well as different logistics corridors incurs different costs but also has an impact on lead time and the environmental impacts of the transport. A sea and/or overland route may be less expensive but might lead to difficulties and delays such as clearing the goods while transiting through different ports and countries en route to the final destination. An alternative air-route may pose more adverse environmental impacts and be costlier, but it may significantly reduce transport time. The total supply chain lead time and cost must be taken into consideration when determining how and where to purchase the required product in order to meet the end user’s needs in a timely and cost-efficient manner;

5. **Consider the sustainability impact** of different logistics modalities. Procurement planning provides opportunities for considering freight minimization or freight avoidance strategies: distance avoidance, speed avoidance, product weight reduction, product volume reduction, packaging weight and volume reduction.

   Opportunities for multimodal transport and modal shift should also be considered at this early stage, together with collaboration with other UN agencies to maximize transport efficiencies;

6. **Determine markets that are best positioned** to respond to the end user’s delivery requirements by evaluating the offers, in addition to conformity with the technical criteria, on the basis of total delivered costs and lead times. There is usually a trade-off between transport costs and delivery time. The relative importance of these factors will determine where the goods should be purchased and the mode of transportation. Geographic distance does not necessarily determine cost and delivery time.

   Accepting a more expensive offer in order to meet the requested delivery lead time must be carefully assessed in order to maximize effective use of funds. When the delivery lead time is the primary factor in awarding a contract, it shall be clearly stated in the solicitation document. Where the delivery lead time is stated as a mandatory requirement, any offer not in compliance with the required delivery schedule should be rejected.

   Some vendors may speculate with the required delivery time and offer a delivery time
within the stated requirements knowing that they will not be able to perform. UNRWA may make a provision for such instances with ‘liquidated damages’ if stated in the contract. The solicitation documents must always refer to the contract;

7. **Verify completeness of the delivery and transport requirements and available budget.** The cost of transportation may become a significant component in the cost of goods procured and delivered to the designated destination. In logistics planning, the seemingly cheapest alternative may not always be the option that offers the lowest overall cost. A low-cost, but poor delivery strategy may result in delays, damaged or stolen goods, excessive port charges, etc.;

8. **Determine the most cost-effective means of contracting transport,** i.e. should the selected vendor of the goods arrange the transport of the purchase goods, or should UNRWA contract transport services independently. UNRWA can also arrange transportation using its own resources (e.g. transportation of goods in project vehicles by project personnel);

9. **Solicit for freight services,** if the transport will be contracted to an independent freight forwarder. One may check whether there are existing LTAs for freight services which provide value for money. For large consignments, conventional shipments, or bulk shipments where more favourable rates can possibly be obtained, spot tenders may be advisable;

10. Plan for any possibly required **pre-shipment inspections,** which are common practice for food items and sometimes medicines.

11. **Insure the consignment** in accordance with UNRWA instructions and acceptable INCOTERMS;

12. **Ensure the completeness and accuracy of shipping documents** received from the vendor and the freight forwarder and that the consignee has received its set of documents (see also Section 12.3). Include in the procurement planning any special import or export restrictions and/or regulations (e.g. pre-shipment inspection, special dangerous goods packing);

13. Consider any required **import approvals** which may take anywhere from few days to several weeks and ensure these are obtained in ample time.

14. Consider requirements for **additional clearances** from local authorities upon arrival country of destination (e.g. Jordan Food and Drug Administration clearance for medicines imported into Jordan)

15. Ensure that necessary arrangements are in place to **clear the cargo on arrival.** Depending upon the procedures in the country of destination, the consignee could be responsible
for custom clearance of the goods; however, customs clearance is part of the procurement process, and should be included in the procurement planning.

Arrange for acceptance of goods on arrival by the receiving unit and ensure that claims are initiated within the time frame stipulated in the cargo insurance in order to secure the interests of UNRWA in the case of a missing or damaged cargo;

16. **Obtain acknowledgement from consignee** that the shipment has been received in good order;

17. **Determine and compare the actual total lead time**, including all logistics activities with the lead time estimated at the outset of the procurement process and document the lessons learned.

Throughout this process, the requisitioner and/or end user should be kept informed of expected and actual delivery dates in order for them to consider the updated information in their local planning.

### 12.2 Packing and Labeling

#### 12.2.1 Packing

Required packaging is determined by the nature of the goods, the mode of shipment, the climatic conditions during transit and at the destination and local legislation. The durability, size and weight of the packages must also be considered. It is a reasonable assumption that shipments will be handled roughly and loaded and offloaded numerous times before reaching the final destination. As such, it must be ensured that the involved equipment, warehouse facilities, operators, and laborers all have the capacity to handle the goods in the chosen packaging, e.g. not all port facilities can handle 40ft. containers, while axle weight road restrictions and maximum vessel draught for shallow ports must be studied for certain shipments. The climatic conditions at the end destination and in transit should also be considered to make sure that packaging would withstand heat, cold, rain, humidity, mould, dust, saltwater spray, etc. Further, monitors, cold chain equipment and air freight must be used for those goods that require a constant temperature. Containerization of cargo could be considered for extra protection and in order to be able to handle the shipment more effectively, however, this may increase the costs. If containers are used, UNRWA should try to make full use of their space to minimize costs and ship only full containers, as the rate for shipment of a container usually does not depend on the weight and volume of its content (unless total allowable payload is exceeded).

Some basic information on the measurements, payload, and type of containers can be found in the tables below.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>20 ft.</th>
<th>40 ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner length (approx.)</td>
<td>5.90 m</td>
<td>12.02 m</td>
</tr>
</tbody>
</table>
### Table 5: Types of containers

<table>
<thead>
<tr>
<th>Type of Container</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry cargo type (DC)</td>
<td>Most common type of container</td>
</tr>
<tr>
<td>Open top type (OT)</td>
<td>No hard top</td>
</tr>
<tr>
<td>Flat rack type (FR)</td>
<td>No top and no sides, only end walls</td>
</tr>
<tr>
<td>Refrigerated type</td>
<td>For the transport of perishable items</td>
</tr>
<tr>
<td>Super/High Cube type (HC)</td>
<td>Higher than standard dry cargo containers</td>
</tr>
</tbody>
</table>

**12.2.2 Labelling.** In order to easily identify and handle goods whilst in transit, vendors must be instructed to provide shipping marks on all packages. The marks should include:

- Consignee name
- Destination (including country, region, province, city, etc. as appropriate)
- Port of unloading
- Mission/Programme/Project identification
- UNRWA PO number
- Case number (e.g. “3 of 5”)
- Any special handling instructions (e.g. fragile, this end up, etc.).

Listing contents of the packages should be discouraged so as to minimize theft and pilferage.

**12.3 Shipping and transportation**

**12.3.1 Mode of transport.** Four basic modes of freight transportation are typically used, either individually or in combination: sea, rail, road, and air. UNRWA personnel must consider both economy and efficiency when choosing the mode of transport. Sea freight is usually the cheapest mode of transportation. International shipments by sea take on average three to five weeks (but can be considerably longer), while air shipments usually take less than a week. The balance of operational parameters such as time and financial resources should determine the mode of transportation.
The ability to decide on the right method of shipment depends on various factors, including urgency, nature of the goods, cost, need for cautious handling, weight and volume, value of the goods, frequency/regularity of delivery and reliability of the method.

Procurement personnel may prioritize transport preferences in accordance with the following criteria:

- The cheapest means of transport that meets delivery/urgency requirements
- Scheduling through the fewest number of trans-shipment points
- Shipping via preferred trans-shipment points and customs
- Using dedicated freight forwarders, preferably under an UNRWA LTA or another UN organization’s LTA which can be used
- Using freight forwarders with proven records of good performance in managing their social and environmental impacts
- Avoiding shipping by air unless necessary, e.g. in emergency situations, when cold chain is needed or when it is deemed financially reasonable
- Shipping by land or sea if dangerous goods are involved

12.3.2 Freight forwarders. Freight forwarders, also known as forwarding agents, are contracted by UNRWA or the vendor to carry out the formalities and operations of consignments. The use of an appropriate freight forwarder reduces the risk of the procurement operation, since part of the risk is transferred to the selected freight forwarder. Further, the choice of an appropriate forwarder in itself reduces risk due to the forwarder’s experience and specialized knowledge. UNRWA must ensure that the respective freight forwarder has all necessary documents for the release of goods in transit.

12.3.3 Incoterms. INCOTERMS are internationally recognized, standard terms, established by the International Chamber of Commerce (ICC), defining the obligations of both the buyer and seller relating to the shipment of goods. They are used worldwide in both international and local trading. The standardized and unambiguous definition of trade terms reduces the risk of misunderstanding, their interpretation is widely accepted. Complete and detailed information on INCOTERMS can be accessed at https://iccwbo.org/resources-for-business/incoterms-rules/.

INCOTERMS specify where the seller delivers the goods, what costs the seller pays, and when the seller passes the transit risk to the buyer. Procurement personnel may request vendors to quote supply under more than one INCOTERM, for example when considering whether to contract freight through the vendor or independently.

INCOTERMS 2020 shall govern shipment terms of UNRWA contracts so long as this requirement is stipulated in the contract. Reference to a selected INCOTERM shall be made in all contracts.
requiring shipment of goods. The INCOTERM must always refer to a named place (city, country, etc.), e.g. “CIP Amman, Jordan”. The INCOTERMS most frequently used at UNRWA are:

- Airfreight: CPT, FCA
- Sea freight: CFR, FOB
- Delivery to UNRWA warehouses: DAP

12.3.4 Shipping Documents. Complete and appropriate shipping documents are of critical importance for the timely delivery of goods. The vendor needs documents to move goods from their premises and to receive payment. Freight forwarders require documents to contract carriage; the consignee requires documents to claim the goods at arrival and handle customs clearance. Each stage of the shipment generates documents that may also be required once the equipment is in the country. The exact contents of a set of shipping documents depend on the type of goods being shipped, means of transport, who is shipping the goods (freight forwarder, vendor, etc.) and any special requirements of the receiving country. Standard shipping documents will provide evidence of contents of the shipment; weight and volume of contents; origin of goods (if required); price of the goods and evidence of transport of the goods.

While the required shipping documents vary from case to case, every shipment should have documented evidence of contents of the shipment, weight and volume of contents, origin of goods (if required), price of the goods, and evidence of transport of the goods.

Frequently used shipping documents:

- The Bill of Lading (B/L) (for sea shipment), or the waybill (for other modes of transport) is the contract of carriage between the shipper and the carrier, indicating how goods are being shipped and when they will arrive. The B/L is evidence that the carrier has received the goods for shipment, and is evidence that the goods were shipped as stated. It also possesses the unique characteristic of documenting ownership to the specified goods (a document of title);
- Commercial and pro forma invoices describe the goods and indicate their value;
- Packing lists are descriptions of content, total number of packing units, markings, weight and volume of each;
- Certificates of origin indicate the country of origin or manufacture of the goods and are always issued by a local chamber of commerce. A certificate of origin is usually required for importation and is also used for statistical purposes;
- Gift certificate replaces the commercial invoice and the certificate of origin in the case of goods being shipped from a UNRWA warehouse or in-kind donations. A commercial invoice, pro forma invoice or gift certificate proves the value of the goods.

Additional documents required when using a freight forwarder:
• Forwarder’s certificate of receipt is a proof that the supplier has handed over goods to the freight forwarder;
• A freight invoice from a carrier indicates shipping details and charges;
• A number of certificates attesting quality may be required. These certificates are usually provided by the supplier;
• The supplier or the freight forwarder (depending on who is organizing the transport) is responsible for consolidating all the required shipping documents and shall be instructed to courier one original set of documents to the consignee and the remaining two sets to the procuring unit within UNRWA. Procurement personnel must check that all information is correct and identical in all documents. Further, procurement personnel should ensure that the documents have been received by the consignee.

The following are frequently used terms in shipping documents:

• Consignee: The receiver of the goods, usually, but not necessarily, a United Nations office. The consignee may be, but is not necessarily, identical to the delivery address. The consignee shall always receive a copy of the shipping documents;
• The consignee may take care of customs clearance and other government formalities upon the request of procurement officials in question, however this may also be handled by a notify party. Consignee details, such as address, country, name, phone, email, and contact person should be included in the PO and in the labelling of the packages;
• Notify party: May be engaged by procurement officials (or the consignee) in order to arrange customs clearance of goods and other government formalities. In such case, shipping documents are also to be forwarded to the notify party;
• Delivery address/final destination: The address of the end user where the goods are to be physically delivered.

12.4 Insurance

During transportation and storage, all cargo is vulnerable to a range of risks, such as damage, pilferage and theft, breakage, non-receipt of part of or an entire consignment. Cargo insurance provides protection against potential financial losses resulting from such risks.

It is important to ensure protection for goods subject to risks, including war, strikes, riots and civil commotion. Further, the duration of insurance coverage should be sufficient for the period of transportation, from warehouse to warehouse, including storage at the destination site. Goods are insured for the cost, insurance and freight value plus an agreed percentage to reflect the indirect cost of replacing goods.
UNRWA has negotiated a global marine cargo insurance contract. The insurance is all-risk insurance with worldwide coverage. However, special conditions can apply for certain countries. Procurement personnel shall contact CSSD insurance specialists for further details.

12.5 Reception, inspection and return

When a consignment is delivered to the consignee, it is common practice for the carrier to request a receipt. At the same time, the consignee shall perform a cursory inspection of packages against all shipping documents. If, in apparent good order, an endorsement shall be provided noting “received in good external condition – contents unchecked”. If, however, signs of tampering are visible, the receipt shall state necessary reservations, such as cases broken, contents lacking or cartons opened with signs of pilferage. Where possible, packages shall be weighed to determine differences between declared and actual weights, documenting any discrepancies on the delivery notes.
13 Contract Management

13.1 Overview

This chapter describes the key activities required for effective contract management and contract administration. These are different activities for which different stakeholders at the Agency are responsible and accountable.

13.1.1 Contract Management. Contract Management refers to all actions undertaken after the award of a contract and covers activities such as vendor performance monitoring, payments, contract closure, record retention, and maintenance of the contract file. The primary goal of contract management is to ensure that quality goods and services, in the right quantity, are delivered on time and in accordance with the agreed-upon contract terms.

Depending on the nature of the contract, contract management is the responsibility of either staff directly assigned to oversee and manage the implementation of the contract, the requisitioner, or the end-user (hereinafter collectively referred to as the Contract Manager). The Contract Manager is responsible for monitoring the performance of the contractor and for receiving, accepting, and approving the deliverables specified in the contract.

The responsible Procurement Officer should be informed by the Contract Manager of any not-accepted deliverable to ensure proper recording in the procurement case file and to permit action on any necessary contract administration matters.

Acceptance is carried out as follows, per type of requirement:

a. Goods: Upon receipt of the procured goods, the Contract Manager (or warehousing personnel) will record the goods receipt in REACH. This confirms receipt of all goods as per the packing list, as well as documenting, in detail, the condition of the goods received and their compliance with the stated specifications.

b. Services: If services have been satisfactorily received, the Contract Manager must record in REACH that the services have been satisfactorily completed in accordance with the terms specified in the contract.

Delivery has different meanings depending on the type of purchase (i.e., goods, services, or works). Furthermore, with goods, delivery is recognized at different points of time and place depending on the Incoterm used in the contract. Contract Managers are reminded to consider the relevant Incoterms and contract terms to determine whether delivery is considered complete.

13.1.2 Contract Administration. The Contract Management function is supported by the contract administration activities undertaken by the Procurement Officer. Contract Administration is comprised of all actions undertaken by the Procurement Officer following the
award of a contract that relate to the administrative aspects of the contract, such as contract amendment or extension, contract closure, record retention, maintenance of the contract file, handling security instruments (e.g. Performance Security), and liaising with DLA on any contractual disputes or claims. Issues relating to the interpretation of contract provisions shall be referred by the Contract Manager to the Procurement Officer that issued the contract. Moreover, if the Contract Manager is not able to resolve a dispute with the vendor, they shall inform the Procurement Officer hereof promptly. The Procurement Officer shall act in accordance with Chapter 13.3 when seeking to resolve such disputes.

13.2 Vendor Performance Evaluation

Evaluating the performance of vendors is important, as it allows UNRWA to identify performance gaps, communicate these gaps to vendors and put in place vendor development measures. Such communication allows more collaborative relationship with vendors and usually leads to added benefits. It also allows UNRWA to be more strategic with vendor sourcing activities.

Vendor performance evaluation is required after the completion of any contract, i.e. receipt of the purchased goods, completion of the construction works or after services have been completely provided. Vendor performance evaluation is also required prior to any contract extension (e.g. extension of an LTA).

The Contract Manager conducts an evaluation of the vendor’s performance, supported by the Procurement Officer (in particular in the case of goods) if necessary. The evaluation must consider the experience with the vendor during the entire contract period. It is important to carefully document contract performance and to be able to produce evidence of same in the event of disputes, in order to form an institutional memory, and for audit purposes.

In order to ensure contract compliance, the Contract Manager is expected to monitor performance on an ongoing basis through reports, meetings, and, if applicable, inspections. The following topics can be addressed in evaluating performance:

- Fulfillment of delivery schedule/timely delivery;
- Compliance with contractual terms and conditions
- Adherence to warranty provisions;
- Quality of goods or services provided in accordance with the contract;
- Timely response to UNRWA’s requests;
- Undue delay of the performance under the contract;
- Any frivolous claims against UNRWA;
- Failure to disclose information relevant to performance, such as bankruptcy, defendant in litigation; and
• Violations of the UN Supplier Code of Conduct.

Depending on the nature of the procurement, a process to evaluate vendor performance may include the following approaches:

(1) Using questionnaires, which require a sound knowledge of what will be measured to ensure the relevance of the result;
(2) Undertaking site visits;
(3) Using metrics and key performance indicators for contracts;
(4) Developing and using supplier scorecards to measure the cost of poor quality, customer social responsibility, etc.;
(5) Measuring performance against Service Level Agreements (SLAs).

If a vendor has shown significant or persistent deficiencies in performance that led to early termination, application of damages, or similar actions, the Contract Manager may, in consultation with the Procurement Officer, refer the case of such vendor for potential sanctioning to the Vendor Review Committee, along with supporting documentation and justification explaining such performance failures.

The Contract Manager shall ensure that contract management is conducted as follows:

a. The Contract Manager shall develop the performance measurement criteria, which should be included in the solicitation documents and in the contract;
b. The Contract Manager shall monitor and evaluate the vendor’s performance against the agreed performance measurement criteria or contract milestones;
c. The Contract Manager shall notify the vendor promptly in case the performance does not meet the agreed performance standard(s) and shall request remedial action. The Contract Manager shall also apply for performance credits if described in the contract to the vendor’s invoices/payments. In case of recurring or continuing a sub-standard performance, the Contract Manager shall notify the concerned Procurement Official and provide documented proof of such performance and any remedial actions taken;
d. The Contract Manager shall complete a vendor performance evaluation form, notify the Procurement Officer as to whether the vendor is performing adequately, and submit a copy of the performance evaluation form to the Procurement Officer;
e. The Procurement Officer shall ensure that a copy of any performance evaluation form is included in the procurement case file;
f. In case the Procurement Officer is notified of a vendor's sub-standard performance, he/she shall assess the situation based on the information received from the Contract Manager and shall recommend an appropriate action to be taken. Depending on the situation, possible actions may include further escalation, dispute resolution, use of remedies, (interim) suspension, exclusion from future solicitations, or any other remedial actions.
action deemed appropriate for the specific situation. Recommended actions shall be submitted to the Chief, CSSD or FOD, who will request a review by the Vendor Review Committee if the vendor is to be sanctioned (including suspension or exclusion from future solicitations). Additionally, advice from DLA (for HQ procurement) or Head, FLO (for field procurement) may be sought. More details on the VRC procedures are contained in the VRC Standard Operating Procedure.

13.3 Remedies

A “contract remedy” is a means of relief that either party can pursue to compensate for the other party’s non-performance or non-compliance with a contract term or condition. A breach of contract may entitle the non-breaching party to certain remedies, including compensatory damages to indemnify the non-breaching party for any loss suffered due to the breach.

The remedies available to UNRWA and the vendor are specified in the standard contract forms (specifically the General Conditions of Contract). When considering any contract remedy, seeking feedback from the vendor is prudent. As a good business practice, the vendor should be given the opportunity to provide evidence against pursuing the remedy. That evidence might point to an excusable delay or impossibility of performance. Such evidence can lead to a remedy that is fair and just for both UNRWA and the vendor.

In all matters of contract remedies, close collaboration with, and advice from, DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement) should be sought and may be required prior to exercising a remedy on behalf of the Agency.

13.3.1 Termination. In some cases, the failure of one party to perform may give rise to the other party terminating the contract. Termination occurs when one party puts an end to the contract for breach by the other. The remedies for that breach normally include damages that indemnify the non-breaching party for any loss suffered due to the breach and such damages are generally compensatory.

Termination of contracts by the Agency should generally be avoided, as termination may give rise to a vendor claim for damages. Termination of contract is subject to approval by the Awarding Authority. In each case, when considering termination, the Awarding Authority shall seek legal advice from DLA.

13.3.2 Liquidated damages. The parties to a contract may expressly agree, in advance, to a sum that will be payable as damages for any delay in delivery of goods / services. These liquidated damages are an estimate of actual loss that would be incurred and are not considered a penalty. When delays result in extra costs, or loss of revenue or loss of other benefits to UNRWA, liquidated damages are paid by the vendor to UNRWA to cover costs incurred by the delay.
Liquidated damages are provided to cover late delivery and calculated as a percentage of the contract value up to a maximum amount. Liquidated damages for late delivery normally accrue for each day, or other period, calculated to account for late delivery.

Liquidated damages should not be applied if the delay is the result of force majeure, where the vendor has been able to provide convincing evidence of the occurrence of such events. Liquidated damages should also not be applied if the delay is due to UNRWA negligence. Notwithstanding the above, the application of liquidated damages is not mandatory and remains subject to the professional judgement of the Procurement Officer in consultation with DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement) as required.

For the calculation of liquidated damages in construction and maintenance works, please also refer to ICIP Technical Instruction No. 01.

13.4 Dispute Resolution

Contracts should be clear, and the responsibilities and obligations of the parties clearly stated therein. However, no matter how well a contract is drafted and its performance managed, disputes may arise. UNRWA is committed to fair, orderly, and prompt resolution of disputes with vendors. Procedures for dealing with claims, disputes and arbitration are specified in detail in the Contract. The preferred means of commercial dispute resolution is amicable settlement.

Contractual disputes are to be addressed as follows:

(1) **Amicable Settlement:** Amicable settlement is based on an openness to compromise, which often is less costly than alternative methods of dispute resolution. With a view to providing appropriate means of settlement of disputes, UNRWA contracts provide for a resolution of disputes by way of amicable settlement (e.g. direct discussion between the parties to the contract). Where the Parties wish to seek assistance of a neutral third person in their attempt to reach an amicable settlement in a process of conciliation or mediation, such process shall take place in accordance with the Optional Conciliation Rules of the Permanent Court of Arbitration in force at the date of commencement of conciliation or mediation, as the case may be, or according to such other procedure as may be agreed between the Parties in writing. Consultation with DLA is required when such amicable settlement results in agreeing to make payment for costs outside the scope of the contract).

(2) **Seeking Legal Advice:** When it becomes apparent that a dispute with a vendor has arisen and cannot be resolved informally by the Contract Manager and/or by the Procurement Officer, or when a vendor sends a formal notice of a dispute in accordance with the relevant contract clause, the Procurement Officer shall seek the advice of DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement). The
memorandum shall include, but not be limited to, a detailed description of the vendor’s claims and all relevant information concerning the dispute, including a fully signed version of the applicable contract and all signed amendments, a chronology of events, the status of the dispute, possible consequences of the dispute if it is not settled (e.g. financial, operational, political, reputation/image of the Agency), and all applicable correspondence between the contractor and UNRWA in relation to the claim. The memorandum shall also include copies of all relevant documentation and, if the matter is urgent, the reasons for the urgency therefore, should be communicated to DLA or the relevant Head, FLO.

(3) **Conduct of Amicable Settlement:** Amicable settlement discussions shall be conducted in close collaboration between the Contract Manager / requisitioner, the Procurement Officer and DLA or the relevant Head, FLO. Minutes should be made of such discussions for internal purposes. If an amicable agreement is reached with the vendor, its terms shall be transmitted to the Chief, CSSD or FOD as applicable, who shall review it and seek the relevant approvals. The vendor shall be advised that any agreement reached is subject to UNRWA internal approvals.

(4) **Settlement and Release Agreement:** Upon receipt of all required approvals, the Procurement Officer shall seek the clearance of DLA in the preparation of a settlement and release agreement in accordance with established precedents. The Procurement Officer shall forward the draft settlement and release agreement to the vendor for signature, following which Chief, CSSD or FOD as applicable shall countersign the agreement.

(5) **Arbitration:** In the absence of an amicable settlement, either party may seek to arbitrate the matter in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration between International Organizations and Private Parties, as provided for in the GCC. An arbitration provision is found in all UNRWA GCC, stating that arbitration will be conducted according to the Permanent Court of Arbitration Optional Rules for Arbitration between International Organizations and Private Parties. These rules cover procedural issues only, related to how the arbitration will proceed, including selection of the arbitrator(s). Should a Notice of Arbitration be received from a vendor, such Notice must be brought to the immediate attention of the Department of Legal Affairs, who is responsible for the Agency’s response in consultation with the Contract Manager / requisitioner, the Procurement Officer and (where applicable) the relevant Head, FLO.

(6) **File Management:** The Contract Manager and Procurement Officer are each responsible for ensuring that the respective procurement / contract case file contains a description of their dispute resolution activities stating exactly what was discussed and how the dispute was resolved, including any executed settlement and release agreement.
13.5  Payments

13.5.1 General provisions. Payment entails the timely payment of invoices consistent with the terms of the contract.

The Finance Officer shall ensure that the payments are made according to the terms and conditions of the contract. The following examples contain standard payment terms for goods, works, and services, but the specific payments terms are outlined in each contract.

The standard arrangement in UNRWA’s contracts is that UNRWA is obligated to pay for goods or services net thirty (30) days upon the vendor’s satisfactory completion of its delivery obligations, in accordance with the delivery terms (e.g. Incoterms). When a normal commercial practice or the interests of the Agency so require, payment or payment on account in advance may be agreed upon (see Section 11.2.1 for Advance Payments).

It is important to be aware of the specific payment terms applicable to each contract. The contracts should also include details of all documentation that must be submitted before any payments are made.

The payment request is transmitted through REACH, and the responsible person shall effect the payment in order to uphold the segregation of duties between procuring personnel conducting the procurement process and personnel effecting the payment. This separation of the procuring and payment functions is a key factor in the principle of segregation of duties and must be adhered to for all payments.

13.5.2 Third-Party Payments. UNRWA generally does not make any third-party payments, i.e. payments to a third party who is not a party of the contract. However, if the Awarding Authority in consultation with the requisitioner and Chief, CSSD or Head, FPLO determines that circumstances warrant a third-party payment, then the Procurement Officer must consult with and obtain approval from the DOF prior to the Contract or Purchase Order being signed. Third parties shall be vetted as if they were endorsers to UNRWA. Once the third-party payment has been approved, the name, address, and banking details of the third-party payee shall be included in the contract document as well as which payments will be made to the third party.

13.5.3 Taxes. As a subsidiary organ of the United Nations, UNRWA is exempt from direct taxes such as income tax and is entitled to exemption or reimbursement of indirect taxes, such as sales tax and VAT, on important purchases in conformance with the Convention on the Privileges and Immunities of the United Nations (General Convention), adopted by the General Assembly in 1946. Either a host authority provides an outright exemption to indirect taxes or UNRWA pays the indirect taxes and seeks reimbursement. The Procurement Officer is responsible for checking the UN taxation regime in the applicable field of operation, and may consult with DLA as to the compliance with the Agency’s privileges and immunities under international law and the need for engagement with government interlocutors on these matters. The policy of the United
Nations, including UNRWA, is that all purchases are important, as they are necessary for UNRWA to carry out its official activities. UNRWA frequently liaises with the Ministries of Foreign Affairs in each area of operation where the reimbursement is required to ensure speedy repayment of taxes imposed.

13.6 Amendments and Extensions

The Contract Manager must monitor the contract in order to foresee and potentially request any necessary contract amendment. This includes, for instance, monitoring contract expiry dates and notifying the procurement officer in due time if a contract amendment or extension is required.

13.6.1 Contract Amendments. Contract amendment is the handling of changes that arise following contract execution, typically involving variations in prices or requirements that were not originally anticipated. It is the responsibility of the Procurement Officer as part of their contract administration duties, in consultation with the requisitioner, to:

a. Negotiate the appropriate contract changes regarding price, schedule, quality, and performance, and ensure that the contract is amended so that, at all times, it defines the agreed expectations of both parties under the contract;
b. Ensure that the change conditions are reasonable and justifiable in terms of price, time, and quality;

Any such amendment should be requested, reviewed, approved, and signed prior to the expiry date of the original contract. Any material amendment must be approved by the corresponding Awarding Authority in accordance with the DOA and documented in the contract file. Where a contract amendment results in a deviation of a legal nature from the approved standard contract forms, these must be cleared by DLA (for HQ procurement) or the Head, FLO of the relevant field (for field procurement). Amendments must be accepted by all parties to the contract.

In some cases, contract amendments may require prior review by a procurement review committee. See Section 9.4 for more details on the situations when review by a procurement review committee is required.

13.6.2 Contract Extension. A contract extension is the continued use of the terms of a contract for an additional period of time, either as provided for in the original contract or where annual extension is standard commercial practice for the category of services, e.g. subscriptions or certain types of insurance. One or more extension periods may be foreseen and may include a provision for adjustments to the commercial terms or services to be provided (e.g. change in number of licenses or indexed price adjustments). Any decision for contract extension must take into consideration the performance of the vendor under the contract (including end-user satisfaction). As a good practice, decisions to extend a contract should be taken while the contract is still in term, i.e. while it has not yet expired. Also, market conditions such as
development of prices or characteristics of products or new entrants to the market should be considered prior to a repeated contract extension.

Contracts can only be extended when they are still in term, i.e. once expired, contracts cannot be extended. A contract extension is a contract amendment and falls under the same review requirements as any other contract amendment. See Section 9.4 for more details on the situations when review by a procurement review committee is required.

13.7 Contract Completion and Closure

Contract completion entails the confirmation that all obligations have been met or identification of any residual obligations and how they shall be fulfilled, settlement of final payments, performance evaluation of the vendor and the administrative closing of files. The Procurement Officer and requisitioner shall verify completion of the following key steps:

a. All products and/or services required have been provided to UNRWA.
b. All contractual instruments relating to the Contract, such as transfers, assignments, and consent forms have been completed.
c. Documentation in the contract file adequately shows receipt and formal acceptance of all contract items.
d. No claims or investigations are pending on the contract.
e. Any UNRWA-furnished property has been returned to UNRWA and discrepancies in number and condition resolved.
f. Any security (e.g. Performance Security) shall be returned in accordance with the terms of the Contract and the security instrument.
g. All actions related to contract price revisions and changes have been concluded.
h. All outstanding subcontracting issues have been settled.
i. If a partial or complete termination was involved, action is complete.
j. Original copies of all warranty documentation, including expiration dates responsibilities and procedures to follow are finalized.
k. Any required contract audit has been completed.
l. The final invoice has been submitted and paid.

13.8 Property Disposal

13.8.1 Disposal of Property through Sales. Sales of supplies, equipment, or other property declared surplus or unserviceable can be conducted using competitive bidding based on the discretion of the Awarding Authority. Property disposal may be subject to donor conditions or
other restrictions regarding the sale or disposal of the item. The custodian of the item to be sold will provide any specific requirements or conditions.

The Procurement Officer shall issue Solicitation Documents to prospective purchasers, ensuring adequate competition. In order to maximize the return for UNRWA, the property may be sold individually or in lots.

At a minimum, the Solicitation Documents shall include:

- An itemized list of the Property;
- A complete description of the Property;
- The location of the Property and place of inspection to encourage the potential purchaser to inspect the Property;
- The condition of the Property (i.e., whether it is damaged, useable, serviceable, in need of repairs, etc.);
- A statement that the Property shall be sold on an “as-is, where-is” basis and without recourse or warranties, express or implied, of any kind;
- The requirement to deposit, upon submission of an offer, an amount of no less than ten percent (10%) of the total offer value, which, if such deposit exceeds USD 1,000, must be in the form of a certified check;
- The time period within which the invoice issued to the successful Bidder shall be settled;
- The time period within which the successful Bidder shall remove the Property;
- Any other relevant matters.

13.8.2 Treatments of Offers. UNRWA shall treat offers for the purchase of property in the same manner as Submissions for the purchase of goods by UNRWA. The offers shall be itemized, and the Property shall be sold to the Bidder offering the best value to the Agency. Successful Bidders shall be notified in writing, and items awarded shall be listed in a contractual sale instrument.

13.8.3 Review by the procurement review committee. Prior to the issuance of the contractual instrument, the relevant procurement review committee shall review the proposed awards based on the applicable thresholds. Please refer to Chapter 9 for details.

13.8.4 Contractual Instruments for the Sale of Goods. The disposal by sale shall be affected by the issuance of a contract for the sale of goods. The contract for the sale of goods shall, inter alia, list and describe the property to be sold, the agreed price, and any deposit paid. UNRWA currently does not have a prescribed template. Therefore, consultation with DLA (for HQ cases) or Head, FLO (for field cases) need to be sought on a case-by-case basis. UNRWA may elect to enter into an LTA if it foresees a continuing sale of items over a period of time, provided that this is advantageous to the Agency. In that case, the contractor shall be tasked in writing for each underlying sale, with a reference to the applicable LTA. Please also refer to Chapter 11.4.
13.8.5 Exceptions to Solicitation. Negotiation or “Spot Sales”: When the sales value is estimated to be under the threshold amount for low value procurement, the sale can take place without formal issuance of solicitation documents. Prospective bidders can be invited to survey the property and thereafter submit bids, either oral or written, within a set time limit. The awarded contractor shall be notified in writing of the sale.

Trade-In: If there is an offer to exchange property in partial or in full payment to UNRWA, this may be effected by the issuance of a contract, provided it is in the best interest of the Agency.

13.8.6 Deposits. Bidders shall be required to deposit an amount of no less than 10% of the total offer value with the submission of any offer. Any deposit exceeding USD 1,000 must be submitted to UNRWA in the form of a certified check.

Upon acceptance of an offer by UNRWA, the deposit shall not be returned to the bidder except with the written approval of the Awarding Authority. The return of the deposit shall take place after full payment for the goods has been received and the Bidder has completed all contractual obligations.

All deposits received from unsuccessful bidders shall be returned with a letter indicating that the bidder was not successful.

13.8.7 Notice of Award Billing. The Awarding Authority approved and signs the contract recording the sale and the final bill, which are then issued to the successful bidder. Such bill shall be settled no later than five (5) business days after the notice unless otherwise set forth in the solicitation documents.

13.8.8 Removal of Property. A limited time, usually five (5) business days, shall be allowed following the sale for removal of the Property unless otherwise set forth in the solicitation documents.

More guidance on property management and disposal are covered in the UNRWA Property Management Manual, which is available on the UNRWA intranet.

13.9 Vendor transitioning

Ensuring a smooth transition from an existing vendor to a new vendor, in particular for service contracts and related goods of strategic, sensitive or high value from a commercial service provider, is a major challenge and requires care and attention on the part of UNRWA.

Managing the transition from one service provider to another requires careful monitoring and management of risks to ensure business continuity and best value for UNRWA. The contract manager should develop a transition plan considering the following points:

- Map and compare the legacy (soon to expire) contract and the new one to identify
differences between the terms and conditions.

- Develop and communicate the new contracts and share the terms and conditions with relevant stakeholders, particularly those that would be impacted.
- Update operational guidance and share with stakeholders.

Managing transition risk is essential to the success of the new vendor/contract and should be included as part of the requirements and contractor's obligations in the TOR and the contract (see also Section 4.4 above). To proactively mitigate risks with contract transitions, the contracts manager and the Procurement Officer should ensure adequate planning and manage the new procurement process well ahead of time. Risk mitigation measures may include:

- Vendor transitioning should already be thought of at the moment a new procurement process is initiated. For instance, if the vendor will eventually be required to provide briefings and trainings to a new vendor, this should already be captured in the TOR at the time of solicitation of the service. Other examples include ownership of specific detailed or data information (e.g. source code for software projects) or ownership of any property or equipment.
- Ensure there is a Service Level Agreement (SLA) in place outlining the responsibilities, process followed and implementation modalities etc.;
- Ensure that regular meetings and regular performance reviews are undertaken with the existing vendor and that these are documented. These documents will contain important lessons learnt which can be distilled and used during the development of the Terms of Reference when a new procurement process is started and during the onboarding of the incoming vendor.
- Ensure that the current vendor addresses performance issues and ensures corrective and preventive actions to prevent the incoming vendor to inherit challenges carried over from the outgoing vendor.
- Ensure effective contract management with the current vendor, obtain relevant information and collect operational manual/documents, documented/codified knowledge, lessons learnt, good and bad practices etc.
- Plan and initiate a new procurement process in very good time in order to mitigate unintended 'urgency' in the procurement process.

For outsourced services such as, for instance, cleaning, catering, security services, facility management and maintenance, third party human resources outsourcing, warehouse management, clearing & forwarding and any other services where the service provider had acquired operational and organizational knowledge over the years, the vendor may be required to do the following:
• Periodically meet with the contract manager to share lessons learned and relevant documents.

• The outgoing vendor shall be required to provide relevant information, share lessons learned, and as may be required share relevant operational documents and materials with the incoming vendor.

• The outgoing vendor shall support UNRWA and cooperate with the incoming vendor in all areas of transition.

• If the incoming vendor will be taking over personnel from the outgoing vendor, then there should be detailed orientation meetings with the staff (preferably in the presence of contract manager).

• To ensure compliance, the suggested obligations above may be linked to vendor’s final payment and this should be included in the contract from the onset.

The Procurement Officer should work with the requisitioner to include the above/similar language as part of the vendor’s obligations in the Terms of Reference and incorporated as part of the vendor's contractual obligations, e.g. by linking the final payment to successful and smooth vendor transitioning.

The above approach will allow the contract manager to acquire operational and category knowledge of the contract/s and its operations, thereby reducing the risk of “lock-in” situations with any vendor.
14 Cooperation

14.1 Cooperation with UN Entities

“Delivering as One” and other UN reform initiatives have accelerated efforts among UN entities to collaborate and cooperate on Supply Chain Management, including procurement. As part of this cooperation, UNRWA actively engages with the High Level Committee on Management (HLCM) and also the HLCM Procurement Network.

The issuance of the “Mutual Recognition” statement in 2019, which has also been ratified by the UNRWA Commissioner-General, formalizes the commitment of UN entities to use or rely on other entities’ policies, procedures, system contracts and related operational mechanisms for the implementation of activities without further evaluation checks or approvals being required, to the greatest extent practicable.

To further collaboration between UN entities and in support of UN initiatives, the Awarding Authority may determine that cooperation with other organisations, agencies or programmes of the United Nations system is appropriate to meet the requirements of the UNRWA. Procurement cooperation may take the following forms or modalities:

a. Using LTAs or system contracts of other UN entities (piggy-backing);
b. Reuse of UN Entity solicitation results;
c. Establishing and using joint LTAs and contracts (joint solicitation);
d. Using procurement services of other UN entities (outsourcing);
e. Procuring from another UN entity;
f. Using a joint procurement unit.

Moreover, Supply Chain Management collaboration further encompasses the following range of activities and is encouraged wherever appropriate:

g. Sharing technical requirements (specifications, terms of reference, statement of works) or developing common technical and performance requirements
h. Leveraging technical expertise of other UN Organisations and non-UN partners to collaborate on quality assurance of products and services
i. Joint forecasting, logistics and warehousing with UN and non-UN partners for the purpose of market shaping activities or joint assessments of manufacturers’ capacity with UN and non-UN partners
j. Joint strategies with UN and non-UN partners, e.g., to stimulate and create product development and markets, to ensure product tracking, etc.
This section is complemented by the guidelines on Common UN Procurement at the Country Level (available on the UNGM), which provide further operational details on the UN procurement collaboration modalities.

14.1.1 Using LTAs or system contracts of other UN entities (piggy-backing). UNRWA may use an LTA or system contract created by another UN entity, even if not concluded through a joint solicitation exercise, provided that the LTA satisfies the UNRWA requirements, specifically in terms of value for money and fit-for-purpose. Such an assessment should be determined and guided by the following:

- The value of UNRWA’s call-off is less than or equal to the intended single call-off volume (if indicated in the LTA) or is not more than the total value of the LTA and the LTA vendor offers goods or services to UNRWA with the same terms and conditions. An LTA should not be used to order disproportionately higher volumes than intended, especially for goods/services with volume discounts not reflected in the LTA;
- UNRWA’s requirements are similar to those included in the LTA;
- The LTA set-up in terms of type and configuration serves UNRWA’s purposes;

If the LTA has been approved according to the procedures established in the respective UN entity, a separate review of the LTA by the applicable UNRWA procurement review committee (HCP or LCP) shall not be required, provided the following conditions are met:

a. The LTA is still valid and has not been cancelled or terminated;
b. The UN entity that created and owns the LTA permits its use by UNRWA and has confirmed this in writing. In obtaining the written approval, it is recommended to obtain from the other UN entity information about the LTA by using the HLCM-endorsed LTA information sheet (available on the UNGM) which includes details about the LTA type, duration, ceiling amount (if applicable), reporting requirements for its usage by other UN entities, guidance note for usage of the LTA, etc. In addition, the Procurement Officer must obtain a signed copy of the UN entity’s LTA.
c. The vendor on the UN entity LTA is eligible with respect to UNRWA requirements on vendor eligibility;
d. The vendor accepts UNRWA’s General Conditions of Contract.

A separate appropriate agreement, e.g. a Purchase Order, must be established between the vendor and UNRWA. The LTAs of other UN entities are available on the UNGM. It should be noted that all LTAs available in UNGM meet premise in paragraph b. above, i.e. that the entity that created the LTA permits the use by other UN entities.

If UNRWA utilizes another entity’s LTA, UNRWA must fulfil the reporting requirements established by the entity that created it in the first place, in terms of value of orders placed.
against the LTA, performance of the supplier, etc. The UNGM has a feature supporting this reporting which could be used for this purpose.

14.1.2 Re-use of UN Entity Solicitation Results. For a single or related series of planned procurement actions, UNRWA may rely on the competitive selection process of another UN Entity, when, in the Procurement Officer’s estimation, the potential benefits of undertaking a new selection process would not justify the associated administrative costs. UNRWA may reuse the tender results to procure goods, works or services without undertaking a separate selection process, provided that:

a. the award is made within a twelve (12) month period after the contract signature date;
b. the requirements for the goods, works or services are substantially the same and the quantities originally tendered were similar;
c. the vendor agrees to offer the goods, works or services at the same terms and conditions and that these are considered reasonable for the market; and
d. the vendor accepts the UNRWA’s General Conditions of Contract.
e. the case is submitted to the applicable UNRWA procurement review committee (HCP or LCP) based on the value of the procurement action and approval is obtained from the appropriate Awarding Authority. The Procurement Officer has to obtain relevant and sufficient information from the other UN entity similar to the LTA Information Sharing Form (available on the UNGM) prior to submitting the case to the applicable UNRWA procurement review committee in order to facilitate a meaningful review of the procurement process conducted by the other UN entity. For that purpose, the UNRWA should obtain from the other UN Entity the following information:

- The vendors’ name and contact details.
- A copy of the published RFQ, ITB, or RFP
- A copy of the contract. If this is not possible, as a minimum: a brief description of the goods and/or services procured, the contract reference number, the contract date, the contractual delivery times, and the contract prices.
- The UNSPSC code(s) related to the goods and/or services covered under the contract.
- The date and reference of the relevant procurement review committee's recommendation of approval of the award, including specific information, as to whether or not the solicitation process was a formal competitive process, the number of responsive bids received, confirmation of award as per the RFQ, ITB or RFP provisions, including any significant comments of the procurement review committee that may be relevant.
14.1.3 Establishing joint LTAs and contracts (joint solicitation). The Procurement Officer may elect to undertake joint procurement activities with one or more UN entities. Generally, the cooperating organizations will choose one organization to lead the procurement process under the procurement rules and regulations of that UN entity, which may be UNRWA’s or another UN entity’s. Cooperating UN entities will jointly agree on the solicitation documents and evaluation criteria and will jointly evaluate the offers submitted. The solicitation documents should clearly specify the expected contractual form for effecting the procurement. Joint solicitations are subject to the review requirements of the lead UN entity only. In the case where UNRWA is the lead UN entity it may provide for representation by the other participating UN entities on the applicable procurement review committee (HCP or LCP). The outcome of the lead UN entity procurement review committee review should be shared with the other participating UN entities.

14.1.4 Using procurement services of other UN entities including joint procurement units (outsourcing). It may also be appropriate or necessary to request another UN entity to carry out certain procurement activities on behalf of the UNRWA. UN entities will enter into an appropriate legal instrument for outsourcing of the relevant procurement activity. Outsourcing may be considered, inter alia, in the following situations:

a. Expertise. When UNRWA recognizes the particular expertise of another UN entity in the procurement of specific goods, works or services, the applicable Awarding Authority may authorize outsourcing for the specific goods, works or services and designate the UN entity as the procurement agent for UNRWA.

b. Procurement / Administrative Capacity. When UNRWA does not itself have the necessary procurement and/or administrative capacity in a country, procurement actions may be undertaken on behalf of UNRWA by another UN Entity with the necessary procurement and administrative capacity, in accordance with the rules and regulations of that UN entity.

c. Shared Services. When, in a given location, a joint UN activity has been established to provide certain administrative services to all partner organizations (e.g. Delivery as One UN initiatives) and has the necessary procurement capacity to achieve economies of scale or to increase effectiveness and efficiency, the applicable Awarding Authority may authorize the outsourcing of certain or all procurement actions for any period and designate the joint United Nations activity as the procurement agent for UNRWA. The rules and procedures established jointly by the participating UN entities for that activity or for joint procurement activities, including review requirements will be applicable.

14.1.5 Procuring from another UN Entity. If a UN Entity has goods in stock or delivers certain services, UNRWA may procure goods, works or services from that UN entity, through the

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14 Except when the applicable evaluation criteria or the resulting award differs from that of the lead UN entity.
establishment of an appropriate legal instrument with the UN Entity. Examples for these include, inter alia, UNICC for computing services and UNGSC for training services. Procurement from another UN entity is approved by applicable Awarding Authority.

14.2 Outsourcing to a Government, NGO or Other Public International Organisation

In connection with partnership arrangements or agreements, the Agency may determine that it is appropriate to request a government, non-governmental organisation or other non-United Nations system public international organisation to carry out certain procurement activities on behalf of the Agency for a specific programme, project or activity. The Chief, CSSD or FOD is responsible for review and approval of the request and will consult with relevant stakeholders as appropriate. An assessment (e.g. UNRWA or other UN entity assessment) shall be undertaken of the administrative or financial management capacity of the relevant entity.
15 Transverse Topics

15.1 The United Nations Global Compact and the Women’s Empowerment Principles

15.1.1 The United Nations Global Compact. UNRWA expects its vendors to support the United Nations Global Compact (UNGC) and its principles. The UNGC is a voluntary international corporate citizenship network launched to support both the private sector and other social actors’ participation in the advancement of responsible corporate citizenship and universal social and environmental principles to meet the challenges of globalization.

The UNGC requests companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption, known as the 10 principles of the UNGC:

a. Human Rights
   Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights and
   Principle 2: Make sure that they are not complicit in human rights abuses;

b. Labour
   Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
   Principle 4: The elimination of all forms of forced and compulsory labour;
   Principle 5: The effective abolition of child labour; and
   Principle 6: The elimination of discrimination in respect of employment and occupation.

c. Environment
   Principle 7: Businesses should support a precautionary approach to environmental challenges;
   Principle 8: Undertake initiatives to promote greater environmental responsibility; and
   Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

d. Anti-corruption
   Principle 10: Businesses should work against all forms of corruption, including extortion and bribery. More information can be found on the website of UN Global Compact.

The Agency strongly encourages all its vendors to actively participate in the UN Global Compact. To that end, the UN Supplier Code of Conduct has been developed with recognition of the importance of the Ten Principles of the UN Global Compact, and it is viewed as an important means of integrating the Compact’s principles into the operations of UNRWA.
UNRWA encourages its suppliers to adopt a Code of Conduct for their own organizations, which could be modelled after the UN Supplier Code of Conduct. UNRWA also encourages vendors to ask their own suppliers to adhere to a Code of Conduct.

15.1.2 The Women’s Empowerment Principles. All businesses stand to benefit from greater equality for women. UNRWA invites all its suppliers to adopt the Women’s Empowerment Principles (WEP). Suppliers can use these Principles to empower women in the workplace, marketplace and community. The Principles emphasize the business case for corporate action to promote gender equality and women's empowerment. The seven Principles are as follows:

- Principle 1: Establish high-level corporate leadership for gender equality
- Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination
- Principle 3: Ensure the health, safety and well-being of all women and men workers
- Principle 4: Promote education, training and professional development for women
- Principle 5: Implement enterprise development, supply chain and marketing practices that empower women
- Principle 6: Promote equality through community initiatives and advocacy
- Principle 7: Measure and publicly report on progress to achieve gender equality

In order to participate, the leadership of the supplier signs the CEO Statement of Support for the WEPs. The statement encourages business leaders to use the seven Principles as guide posts for actions that advance and empower women in the workplace, marketplace and community. It also asks the supplier to communicate the progress through sex-disaggregated data and other benchmarks. More details on the WEP can be found on the WEP website.

15.2 Sustainable Procurement

UNRWA recognises that a more resource efficient management of operations will not only be beneficial for the environment and for financial efficiency but will also prove that they stand behind the principles they promote and actively support them with their behaviours as actors on a global market. UNRWA is committed to making sustainable procurement the standard practice progressively and in full respect of the right of access to the UN market for suppliers from developing countries and countries with economies in transition.

Given the scale of its procurement activities, UNRWA and the wider family of UN entities has the potential to motivate markets to innovate and contribute to achieving global goals. The UN itself has been encouraged by the Member States to integrate sustainable development practices into its operations in support of the sustainable development agenda.
Requisitioners and Procurement Officers should be aware of the Sustainable Development Goals (SDGs) and inter-agency initiatives on procurement practices that incorporate the social, economic and environmental principles of sustainable development in support of SDG 12 and target 12.7.

Sustainable Procurement practices integrate requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs. Integrating the economic dimension of the sustainable agenda means to strive for the best value for money and, in particular, the whole life costs of a product or service, as well as for wider support for economic development.

Considering its environmental dimension means to strive for reduction of the negative environmental impact a product or service has over its whole life-cycle, including issues such as water, land and air pollution, waste generation and disposal options, environmental risks from wastewater and hazardous waste, and greenhouse gas emissions that contribute to climate change, preservation of natural ecosystems, waste reduction and management, and air and water pollution. For instance, considering the environment can mean consideration of vehicles’ CO2 emissions, use of recycled printing paper, use of refillable/recyclable toner cartridges and collection by the vendor of the used/empty ones, high efficiency appliances like A/Cs, LED lights, building insulation, low toxicity chemicals like paint whenever possible, or avoiding the use of one-time use disposable plastics for canteen services.

The social dimension of the sustainable agenda considers the promotion of human rights, elimination of child labour, fair labour conditions, safety on the workplace, gender equality, inclusion of persons with disabilities and wider ethical issues in the supply chain. For instance, to enable the implementation of the Convention on the Rights of Persons with Disabilities, as well as the achievement of the Sustainable Development Goals, the United Nations Disability Inclusion Strategy calls for specific action to raise the standards of the United Nations performance on disability inclusion across its operations, such as the inclusion of accessibility considerations into relevant procurement activities.

Factoring sustainability considerations at the requirements definition stage can provide added value to the Organization, by promoting resource efficiency, leveraging innovation and advancing the SDGs. Some HQ departments at UNRWA (e.g. Infrastructure and Camp Improvement Programme) have issued corporate standards which include sustainability considerations and hence support procuring sustainably. Requirements must be transparent, measurable and proportionate to what the market can reasonably offer and must not restrict international competition. Category Strategies may also provide guidance on incorporating sustainability considerations into the sourcing solutions for certain goods and services.
In general, requisitioners, Procurement Officers and contract managers are expected to encourage UN vendors to adopt sustainable and socially responsible policies aligned with the UN Global Compact’s ten principles in the areas of human rights, labour, the environment, and anti-corruption in accordance with the UN Supplier Code of Conduct.

15.3 Gender-responsive procurement

This section provides guidance to procurement practitioners and requisitioners on how to conduct gender-responsive procurement (GRP). While Women-owned businesses contribute significantly to the world economy, generating employment opportunities and spurring local development, their full economic potential remains largely untapped. Businesses, owned and operated by women are overwhelmingly micro- or small-sized and must contend with a unique and disparate set of challenges. The UN is well positioned to promote gender equality and empower women in their workplaces. To effectively increase the participation of women-owned businesses (WoB) in UNRWA procurement processes, the Agency considers gender-responsive procurement at various steps of the procurement process.

Tokenism occurs when companies place women in key management positions, but do not grant them duties, responsibilities, and authority which commensurate with those positions. To avoid tokenism, the definition and eligibility criteria for women-owned businesses should, at a minimum, include the following elements:

i. At least 51 percent unconditional ownership by one or more women;

ii. Unconditional control by one or more women over both the long-term decision-making and the day-to-day management and administration of the business operations; and

iii. Independence from non-women-owned businesses. This definition of women-owned business, whatever form it takes, will serve as the basis for certifying the status of firms as women-owned.

The scorable gender requirements need to be specific and objectively quantifiable. Examples of technical and qualification criteria include:

a. Criteria listed under “i-iii” above

b. Policies in place that contribute to gender equality (e.g., parental leave, anti-discrimination, anti-harassment, equal pay)

c. Existence of an already implemented gender-parity policy

d. Gender balance in the project team/key personnel proposed by the bidder

e. Nature of the subcontractors used, details of any women-owned or women-led subcontractors that will be engaged in the project, including at different tiers of their operations.

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The content is based on the UN Sustainable Development Group’s Practice Note “Promoting Women’s Empowerment through the Business Operations Strategy”.

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f. Requirement to subcontract certain parts of the contract to a women-owned business, e.g. necessary trainings in the healthcare or IT sectors.

g. Signatory to the Women’s Empowerment Principles (www.weps.org/join)

Requirements definition is a key factor for ensuring Best Value for Money is achieved. Requisitioners are encouraged to include gender equality and women’s empowerment considerations when planning for their requirements. This can be achieved by making sure that gender-responsiveness is given due consideration when defining the procurement needs (developing specification/requirements/TOR, etc.). Examples for considerations which can be incorporated at the requirements definition stage in the form of evaluation criteria may include:

- A bidder’s ownership information disaggregated by sex and supported by external certification.
- A bidder’s commitment to gender equality in their own operations, for example through becoming a signatory of Women’s Empowerment Principles, implementation of gender-equality programmes or supplier diversity strategies.
- A bidder’s ability to mainstream gender during the execution of the contract, for example through gender-balanced project teams.
- A bidder’s ability and plans to reserve a minimum portion of contracted labor opportunities for women.
- A bidder’s ability to demonstrate a percentage of women in leadership positions.
- Assessing gender-responsiveness of a bidder’s own supply chain, including subcontractors.
- Timely collection, validation, and reporting of supplier diversity program data.

Other good practices in gender-responsive procurement, which can be considered by the requisitioner and Procurement Officer may include:

- Integrate gender-responsive considerations in procurement planning and requirements definition. It will guide and influence the whole procurement process. For instance, requisitioners are encouraged to ensure that the products/services they procure are gender-friendly/neutral.
- Make the procurement opportunities available on different platforms to increase access to information and women’s participation (women networks, social media, etc.).
- Sourcing can be used to identify WoB interested in doing business with UNRWA. Through such efforts, UNRWA can develop a network of capable suppliers that are both owned and controlled by women.
• Proactively look for WoBs in local and international markets to enrich vendor lists. Use the Women Supplier Database, UNGM, other UN vendor databases, vendors already awarded contracts, rosters of business associations, and local business rosters as a tool to identify and invite more WoBs to participate in UN tenders, especially for commonly procured items.

• Prepare a list of pre-qualified WoB vendors in the most common sectors that can be easily used for RFQs and small value purchases.

• Where feasible, competition could be limited to women-owned businesses.

• Ensure the technical requirements are in proportion to the estimated size, scope and value of the contract. Do not limit the competition by over-specifying the requirements.

• Introduce gender-responsive evaluation criteria in joint LTA exercises and give priority to invite local women-owned businesses to participate in LTA solicitations.

• Liaise with programme colleagues to learn from their experience and expertise on working with WoBs, understand typical challenges of WoBs, and jointly come up with strategies of targeting WoBs.

• Work on OMT level to build capacities of WoBs on public procurement with a focus on the joint UN procurement processes (e.g. UN Business Seminars). This will help to identify WoBs in the region and build their capacity in UN Procurement. Share best practices with the Country Operations Management Team (OMT), Procurement Harmonization working groups, and work through Delivering as One.

15.4 Category and Risk Management

UNRWA procures several categories which are particularly sensitive and require specific attention to appropriate risk mitigation measures. These categories include, but are not necessarily limited to, medical and pharmaceutical goods and equipment, construction works, vehicles, and third-party service contractors (i.e. personnel working under the supervision of UNRWA in high-risk countries).

Supply risk in general can be analysed by considering four key factors:

• **Strategic importance:** This risk factor incorporates several considerations related to the strategic importance of the goods/services/works to UNRWA such as whether the goods/services/works are peripheral or core to UNRWA programmes, whether UNRWA is dependent on the requirement or can alter its demand, and whether UNRWA’s overall objective is to get the lowest price vs. develop supplier capability.

• **Nature of supply market:** This risk factor incorporates a number of considerations related to the supply market for the goods/services/works such as number of suppliers (many vs
few), size of suppliers relative to each other (one dominant vs. many of similar size), overall maturity of market, uniqueness of products, probability of delivery of non-conforming goods/services/works, and ability of suppliers to adjust their output to surges in demand.

- **Supply chain and logistics:** This risk factor incorporates several considerations related to the supply chain and logistics environment of a requirement such as overall complexity of supply chain (minimal complexity vs. several potential points of failure), climate and weather effects, and special supply chain requirements such as cold chain.

- **Procurement complexity:** This risk factor incorporates several considerations related to the procurement complexity and includes factors such as whether the goods/services/works are off-the-shelf or highly specialized, legal requirements (none vs complex), simple vs highly detailed specifications, simple vs complex performance measures and quality control, rare vs frequent supplier meetings, and effort of supplier relationship management.

The first and most important approach to managing risk in the sensitive categories is to follow both the mandatory as well as recommended guidance of this Procurement Manual. Procurement personnel can reach out to their Head, FPLO or Chief, CSSD for advice and support for any procurement category where specific risks are identified.

### 15.5 Emergency Procurement Procedures

All UNRWA procurement must be undertaken in compliance with the UNRWA Regulatory Framework. The specific Emergency Procurement Procedures (EPP) which are contained in this section can only be applied when an emergency has been declared in accordance with the UNRWA Emergency Management Framework.

The Commissioner-General determines when there is an emergency justifying the use of emergency procurement procedures for large-scale or agency-wide emergencies. For localized emergencies, the Field Office Director can determine the use of emergency procurement procedures. The Commissioner-General or FOD approve the application of emergency procurement procedures in writing. The approval is time-bound, limited to a specific operation and may also be limited to the procurement of defined products in relation to a specific operation. Contract awards can only be done outside the approved EPP period provided the solicitation process for that procurement action was initiated within the EPP period.

The EPP allow UNRWA to use simplified processes to facilitate rapid response during an emergency situation without compromising compliance with UNRWA procurement principles. At UNRWA, situations that allow the use of EPP are limited to only those defined under this section.
All other situations of importance and urgency must be dealt with through the application of regular procurement procedures.

As in the case of any other procurement activity undertaken by UNRWA, the personnel involved in EPP remain personally responsible and accountable for their actions or lack thereof, and can be held personally responsible and financially liable for any mismanagement or undue action taken.

There can also be situations of exigency outside of declared emergencies. Those may justify the use of single sourcing (direct contracting) as per Section 6.8.

15.5.1 Definition. For the purposes of this section, emergencies are defined as: urgent situations in which there is clear evidence that an event or a series of events have occurred which imminently threatens human life/lives or livelihoods, and where the event or a series of events produce disruption in the life of a community on an exceptional scale. The event or a series of events can comprise any of the following:

a) Sudden calamities such as earthquakes, floods, locust infestations and similar unforeseen disasters;
b) Human-made emergencies resulting in an influx of refugees, internal displacement of populations or in the suffering of otherwise affected populations due to conflict, war or civil unrest;
c) Drought, crop failures, pests, and diseases that result in an erosion of communities and vulnerable populations’ capacity to meet their basic needs;
d) Sudden economic shocks, market failures, or economic collapse resulting in an erosion of communities’ and vulnerable populations’ capacity to meet their basic needs;
e) A complex emergency for which the government of the affected country has requested the support of UNRWA;
f) Other event(s) that in the opinion of the Commissioner General would fall under the definition of a genuine emergency situation.

15.5.2 Planning. Individual EPP are not easily planned as by definition emergencies are often caused by unforeseen events. However, proactive measures can be taken to ensure preparedness to carry out emergency operations. Planning for emergencies is an important part of UNRWA regular procurement planning. The following activities are examples of proactive measures that can facilitate EPP:

a) Advance identification and registration of suitable suppliers of products frequently requested in emergency operations, including confirmation by suppliers of willingness to respond to solicitations on short notice;
b) Pre-qualification of suppliers of products frequently requested in emergency operations;

c) Development of standard specifications/TORs/SOWs for goods, services, or works typically requested in emergency operations;

d) Establishment of LTAs with suppliers of products typically requested in emergency operations, and specifying in LTAs the need for stock availability and emergency preparedness;

e) Identification of relevant LTAs from other United Nations organizations.

Requisitioners shall request the support of CSSD and FPLOs to work continuously on the above in order to help ensure that the organization is prepared for emergency situations.

15.5.3 Procedures. During emergency operations, procurement officers may alter the regular procurement procedures as outlined in this section. When faced with an emergency procurement activity, procurement officials should:

- Conduct backward planning, i.e. plan procurement activities starting from the time the goods have to be delivered, counting backwards to determine the maximum length of time required for each procurement step (solicitation, evaluation, award, contract issuance, etc.);

- Determine proactively the likely availability of team members for evaluation;

- Issue urgent notifications to relevant stakeholders involved in the process so that they can be prepared to respond faster, e.g. Chairperson of HCP/LCP, etc.

EPP are less formal and offer more flexibility than the regular procurement procedures applicable in non-emergency situations; at the discretion of the Chief, CSSD or FOD as applicable, more conservative procedures might be imposed through issuance of written instructions to the department or office. For instance, this might include requiring transmittal of receipt of offers to a dedicated email address, if available.

15.5.3.1 Availability of funds. In emergency situations, it will often be necessary to initiate solicitation processes prior to receiving the funds. As a good practice, UNRWA should not undertake solicitations until funds are secured in order to avoid deploying UNRWA resources on unconfirmed commitments, and to protect UNRWA reputation among suppliers. However, in some situations, the severe impact of delays may justify commencement of the process prior to confirmation of availability of funds. The market must be informed of UNRWA’s right to cancel the solicitation and reject all offers received. Under no circumstances should an order be placed prior to the confirmation of availability of funds.
15.5.3.2 Needs assessment and requirements definition. The assessment of the functions, performance requirements, characteristics, objectives, and/or expected outputs of the product to be procured is no less important when procuring under EPP. To the extent possible, the regular procedures for requirements definition specified in Chapter 4 should be followed. However, since emergency procurement is often done under time constraints and the RFQ method of solicitation allows more flexibility, less formality can be accepted for requirements definition in emergency situations. The following points should be considered:

a) Product instructions and standard specifications/TOR previously developed can be used to facilitate the requirement definition;

b) Existing LTAs can provide useful specifications and must also be checked for compliance with the current need. If LTAs exist for the requested product, and the LTA can adequately cover the need in terms of stock availability and delivery times, orders should be placed against the existing LTA;

c) Purchase ex-stock should be considered, although this often represents a costly solution to a defined need.

It is extremely important to consider the desired result in order to ensure that a useful product, covering the actual need, is delivered.

15.5.3.3 Sourcing. There are no specific requirements concerning sourcing under EPP, however, it is recommended to give priority to suppliers experienced in supplying the UN system in emergency operations in order to reduce lead times and the risk of contract failure.

The following points should be considered:

- Use existing LTAs if feasible (including LTAs of other UN entities);
- Consider the use of existing rosters or other lists of suppliers;
- Consider purchase of second-hand equipment; redeployment of goods from other operations; borrowing goods from another UN organization; diversion of pipeline goods for another project; or renting equipment until ordered goods are delivered.

For solicitations undertaken through use of the RFQ method of solicitation there are no specific requirements to prepare a short list. The procurement file must contain a brief explanation as to which suppliers were considered and why.

If it is determined that rapid delivery of goods, services or works can only be achieved through the award of a contract to a sanctioned or suspended vendor, then specific approval must be obtained by the Chief, CSSD. If the vendor is sanctioned by the UN Security Council, then specific approval must be obtained by the Commissioner General. The request for approval must contain
proper justification and indication of additional safeguards that will apply to mitigate reputational and other risks for UNRWA related to using suspended vendors.

15.5.3.4 **Solicitation.** Under EPP, an RFQ may be used for solicitation of offers regardless of the value of the procurement and shall be deemed to be a formal method of solicitation. There are no specific requirements concerning the type of competition (international vs. regional/national), but procurement officers should ensure competition by requesting at least three quotations, if feasible given the emergency at hand.

When using an RFQ in emergency situations, no absolute deadline or specific template is required. However, suppliers should be given a realistic deadline to respond to the request. The request must contain enough information to enable suppliers to give an informative quote, meaning all requirements must be communicated clearly and in the same manner to all suppliers along with the method of evaluation.

RFQs can be placed orally for goods and services, however the quotes from the suppliers shall preferably be in writing. If required, suppliers may quote their offer orally, and confirm price and terms in writing prior to award of contract. If time allows, written RFQs using the UNRWA templates should be issued, as this supports the transparency of the process, by ensuring that all suppliers receive the same information at the same time.

Additional considerations for RFQs under EPP:

1. Additional suppliers may be added at any stage of the process;

2. Local suppliers may be given preference, due to time constraints and logistics considerations. However, procurement officers must be aware that local availability of products might fluctuate, since the stock of certain products will rapidly dwindle in an emergency situation. It is always advisable to check multiple markets for fallback options, and to reconfirm availability before placing an order;

3. The supplier offering the lowest priced, most technically acceptable offer might not be able to supply all requested goods, or the full quantity requested, at the required time. Therefore, the possibility and option to make split orders must always be made clear in an RFQ for emergencies. Split orders can ensure availability of all requested items, as well as safeguard economy by placing a partial order with the supplier offering the lowest price for the respective item. In cases where the full quantity requested cannot be provided by one supplier, an additional order can be placed with the supplier offering the second lowest priced.

As is the case for RFQs, offers may be received by the procurement officer directly.

15.5.3.5 **Evaluation.** Offers received based on an RFQ during an emergency operation must be assessed against the requirements stated in the RFQ. At least two individuals must be involved
in the evaluation of offers – the requirement that the individuals must not be in a direct reporting line with each other can be waived when applying Emergency Procurement Procedures.

Contracts are awarded according to the ‘lowest priced, most technically acceptable offer’ evaluation methodology and an evaluation report must be prepared. When using this methodology, price serves as the overriding evaluation criterion upon which to award a contract. However:

   a) This methodology does not ever permit the selection of a substantially non-compliant offer if a substantially compliant offer exists;

   b) The technical advantages offered by a higher priced quotation may in certain cases justify selection of an offer other than the lowest priced;

   c) Further, the RFQ modality allows selection of the most technically acceptable offer in cases where none of the offers fully meets the requirement specification.

The selection of a supplier other than the one offering the lowest priced option requires proper justification documented on file. See Chapter 8 for further guidance. The following points should be considered:

   • Whilst evaluation is conducted according to the ‘lowest priced, most technically acceptable’ methodology, and no exact evaluation criteria must be determined in the RFQ, procurement officials still have an obligation to present all suppliers with the same information regarding UNRWA requirements, delivery dates, and any other factors which will be assessed during evaluation and selection;

   • With a lack of firm evaluation criteria, particular emphasis must be placed on creating a written record of the evaluation process and the justification for supplier selection;

   • The evaluation team shall have the right, for reasons of expediency and subject to equal treatment of bidders, to decide not to ask bidders for missing documents;

   • Given time constraints and thus limited extent to which background checks can be performed, procurement officials may request a performance security from the supplier. Willingness of bidders to provide a performance security is a positive indication regarding the financial position of the company;

   • RFQs issued during an emergency operation constitute a formal method of solicitation. Hence, negotiations can be undertaken with a potential supplier, after selection of the supplier, and in accordance with Section 8.9.

15.5.3.6 Award. The Awarding Authority for the value of the procurement activity will award contracts further to an EPP activity. The resulting award to the winning offer is made on the basis of the use of formal methods of solicitation and respective DOA thresholds for awards apply.
Where deemed necessary and justifiable, a temporary increase in the procurement DOA levels may be granted, in writing, by the CG. The increase must be time-bound and given to a specific individual (not function).

The monetary thresholds expressed in Section 9.4 above remain in effect and determine whether a proposed procurement action needs to be reviewed by a procurement review committee. However, in these cases, there is no requirement for a full committee review, but the chairperson can review and provide written advice to the relevant Awarding Authority. As alternatives and at the discretion of the Chairperson of the applicable procurement review committee, an ad-hoc meeting of the procurement review committee can be called or polling of comments from its members and approval via email exchange can be applied.

Please see Section 9.9 for submissions to the procurement review committee on ex post facto cases.

15.5.3.7 Contracts. Due to the risk involved, the procedures for contract preparation and issuance as well as contract administration remain the same as under normal conditions. Standard UNRWA contract formats are used when contracting suppliers during emergency operations.

UNRWA never enters into oral contracts; each UNRWA contract must be in writing and duly approved by the parties. Care must be taken to avoid exposing UNRWA to the risk of inadvertently entering into a binding oral agreement.

15.5.3.8 Contract management. Contract administration of emergency contracts is a combined responsibility of the requisitioner and the procurement officer. See Chapter 13 for more details.

15.5.4 Filing. Proper documentation of the procurement process in a procurement file is a requirement for each procurement exercise. The use of the EPP allows more flexibility in the procurement process than UNRWA regular procedures. This increases the responsibility of procurement officials as well as involved managers to document that the procurement has been conducted consistent with the procurement principles and in accordance with the UNRWA Regulatory Framework. Procurement officials are reminded that proper filing also protects the individual undertaking the procurement activity from undue suspicion and ensures that actions can be justified to auditors.

In order to document the EPP and to justify decisions and choices made when selecting the supplier and awarding contract, all steps in the process must be documented in the procurement case file. In the event of dispute, the file is critical: it documents the procedure, establishes an institutional memory, forms the basis of a lessons learned process, and is essential for audit purposes.
Please refer to Section 2.7 for filing requirements. In addition to documents identified therein, for processes under EPP the file should also include the request for approval as well as approval of the use of EPP.
Appendix A: RACI matrix

The below RACI matrix provides an overview over the key roles and responsibilities in the procurement process. A RACI matrix describes the participation by various roles in completing tasks or deliverables for a business process. RACI is an acronym derived from the four key responsibilities most typically used: responsible, accountable, consulted, and informed. It is used for clarifying and defining roles and responsibilities in cross-functional or departmental projects and processes. The definition of the roles is as follows:

- **R = Responsible**: Those who do the work to complete the task.
- **A = Accountable** (also approver or final approving authority): The one ultimately answerable for the correct and thorough completion of the deliverable or task, the one who ensures the prerequisites of the task are met and who delegates the work to those responsible. In other words, an accountable must sign off (approve) work that responsible provides. There must be only one accountable specified for each task or deliverable.
- **C = Consulted**: Those whose opinions are sought, typically subject-matter experts; and with whom there is two-way communication.
- **I = Informed**: Those who are kept up-to-date on progress, often only on completion of the task or deliverable; and with whom there is just one-way communication.

The below table is not meant to be fully comprehensive but rather provide an overview over the key tasks and associated roles and responsibilities. For a complete description of the roles and responsibilities in the procurement process, please refer to the main body of this Procurement Manual. If there is any contradiction between this table and the main body of the Procurement Manual, the latter prevails. The below mainly applies to procurement processes over the low value procurement threshold. For procurements under the low value procurement threshold, please refer to the respective section(s) of this Procurement Manual.

<table>
<thead>
<tr>
<th>Task</th>
<th>Requisitioner</th>
<th>Procurement Officer</th>
<th>LCP/HCP</th>
<th>Awarding Authority</th>
<th>DCG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure availability of funds for the procurement action</td>
<td>A/R</td>
<td></td>
<td></td>
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<tr>
<td>Plan procurement requirements, in particular timely request of</td>
<td>A/R</td>
<td>C</td>
<td></td>
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<tr>
<td>procurement of required goods and services or contract extensions,</td>
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<tr>
<td>etc.</td>
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<tr>
<td>Develop specifications / Terms of Reference / Statement of works /</td>
<td>A/R</td>
<td>C</td>
<td></td>
<td></td>
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<tr>
<td>Tender Package for Construction</td>
<td></td>
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<tr>
<td>Task</td>
<td>Requisitioner</td>
<td>Procurement Officer</td>
<td>LCP/HCP</td>
<td>Awarding Authority</td>
<td>DCG</td>
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<tr>
<td>and Maintenance with related technical evaluation criteria(^{16})</td>
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<tr>
<td>Ensure integration of considerations of sustainable procurement,</td>
<td>A/R</td>
<td>C</td>
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<tr>
<td>including gender-responsive considerations, inclusion of persons</td>
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<tr>
<td>with disabilities, etc. in specifications / Terms of Reference /</td>
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<tr>
<td>Statement of works / Tender Package for Construction and</td>
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<tr>
<td>Maintenance as well as in technical evaluation criteria</td>
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<tr>
<td>Determine optimal procurement approach and solicitation method,</td>
<td>C</td>
<td>R</td>
<td>A</td>
<td></td>
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<tr>
<td>develop Source Selection Plan (if required)</td>
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<tr>
<td>Undertake sourcing activities, build supplier databases, market</td>
<td>C</td>
<td>A/R</td>
<td></td>
<td></td>
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<tr>
<td>research etc.</td>
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</tr>
<tr>
<td>Develop and publish solicitation documents</td>
<td>C</td>
<td>R</td>
<td>A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receive and open submissions</td>
<td>A/R(^{17})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Determine formal compliance and formal completeness</td>
<td>I</td>
<td>A/R</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Conduct technical evaluation of submissions and write evaluation</td>
<td>A/R</td>
<td>C</td>
<td></td>
<td></td>
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<tr>
<td>report(^{18})</td>
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<tr>
<td>Conduct financial evaluation of submissions</td>
<td>A/R</td>
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</tbody>
</table>

\(^{16}\) For construction and maintenance works, this also includes preparing the Agency Cost Estimate based on regularly updated and shared market prices for basic construction materials by CSSD / PFLO

\(^{17}\) Only for informal methods of solicitation. For formal methods of solicitations, offers are received by a person not involved in the procurement process and opened by a tender opening committee.

\(^{18}\) For Construction and Maintenance only: For ITBs (generally used for “standard” construction and maintenance works), the technical evaluation by ICIP may be limited to checking of the value of ongoing projects for all bidders (based on the documents submitted in their bids) to assure compliance with the bidders’ classifications by host governments in line with IOM issued by the DCG on 3 December 2018 related to the use of official contractors lists issues by host country authorities and on 12 September 2019 (CSSD/2019/075) related to procurement of construction and maintenance works in Lebanon using non-government accredited entities to carry out construction and maintenance works under 500,000 USD. For RFPs (generally used for “special” construction projects), ICIP will define the technical evaluation criteria and participate in the technical evaluation team as established for the case.
<table>
<thead>
<tr>
<th>Task</th>
<th>Requisitioner</th>
<th>Procurement Officer</th>
<th>LCP/HCP</th>
<th>Awarding Authority</th>
<th>DCG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicate with bidders during offer submission and evaluation phases</td>
<td>C</td>
<td>A/R</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare recommendation of award and submission to Awarding Authority</td>
<td>C</td>
<td>A/R</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review procurement process for compliance with UNRWA procurement framework</td>
<td></td>
<td></td>
<td>A/R 19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Award contract (if aligned with recommendation of LCP/HCP if case has been reviewed)</td>
<td>I</td>
<td>C</td>
<td>(I) 20</td>
<td>A/R</td>
<td></td>
</tr>
<tr>
<td>Award contract (in case that Awarding Authority wants to award contract contrary to recommendation of LCP/HCP)</td>
<td>I</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>A/R</td>
</tr>
<tr>
<td>Handover contract to contract manager (often but not mandatorily so the requisitioner)</td>
<td>C</td>
<td>A/R</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Management, e.g. undertake performance evaluations, dispute resolution, monitoring, certification of invoices etc.</td>
<td>A/R</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Administration, e.g. amend contract upon request from contract manager</td>
<td>A</td>
<td>R</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

19 Depending on the monetary threshold and solicitation method, the procurement process is either reviewed directly by the Awarding Authority or by an LCP/HCP.

20 Only applies if case has been reviewed by an LCP/HCP and the recommendation has been conditional. In that case Awarding Authority is responsible for informing the LCP/HCP that the conditions have been met.
## Appendix B: Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B/L</td>
<td>Bill of Lading</td>
</tr>
<tr>
<td>BCC</td>
<td>Blind carbon copy</td>
</tr>
<tr>
<td>BOQ</td>
<td>Bill of Quantities</td>
</tr>
<tr>
<td>BPA</td>
<td>Blanket Purchase Agreements</td>
</tr>
<tr>
<td>CG</td>
<td>Commissioner General</td>
</tr>
<tr>
<td>CPT</td>
<td>See Glossary: INCOTERMS</td>
</tr>
<tr>
<td>CSSD</td>
<td>Central Services Support Division</td>
</tr>
<tr>
<td>DACON</td>
<td>Data on Consultants</td>
</tr>
<tr>
<td>DAP</td>
<td>See Glossary: INCOTERMS</td>
</tr>
<tr>
<td>DAT</td>
<td>See Glossary: INCOTERMS</td>
</tr>
<tr>
<td>DC</td>
<td>Dry cargo</td>
</tr>
<tr>
<td>DCG, Dep. CG</td>
<td>Deputy Commissioner General</td>
</tr>
<tr>
<td>DIOS</td>
<td>Department of Internal Oversight Services</td>
</tr>
<tr>
<td>DLA</td>
<td>Department of Legal Affairs</td>
</tr>
<tr>
<td>DLP</td>
<td>Defects liability period</td>
</tr>
<tr>
<td>DOA</td>
<td>Delegation of Authority</td>
</tr>
<tr>
<td>DOF</td>
<td>Director of Finance</td>
</tr>
<tr>
<td>DPS</td>
<td>Dynamic Purchasing System</td>
</tr>
<tr>
<td>DSA</td>
<td>Daily Subsistence Allowance</td>
</tr>
<tr>
<td>EOI</td>
<td>Expression of Interest</td>
</tr>
<tr>
<td>EPP</td>
<td>Emergency Procurement Procedures</td>
</tr>
<tr>
<td>FLO</td>
<td>Field Legal Office</td>
</tr>
<tr>
<td>FOB</td>
<td>See Glossary: INCOTERMS</td>
</tr>
<tr>
<td>FOD</td>
<td>Field Office Director</td>
</tr>
<tr>
<td>FPLO</td>
<td>Field Procurement and Logistics Offices</td>
</tr>
<tr>
<td>FR</td>
<td>Flat rack</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<td>---------</td>
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</tr>
<tr>
<td>GCC</td>
<td>General Conditions of Contract</td>
</tr>
<tr>
<td>GRP</td>
<td>Gender-responsive procurement</td>
</tr>
<tr>
<td>HC</td>
<td>High cube</td>
</tr>
<tr>
<td>HCP</td>
<td>Headquarters Committee on Procurement</td>
</tr>
<tr>
<td>HLCM</td>
<td>High-Level Committee on Management</td>
</tr>
<tr>
<td>HLCM-PN</td>
<td>High-Level Committee on Management – Procurement Network</td>
</tr>
<tr>
<td>HQ</td>
<td>Headquarters</td>
</tr>
<tr>
<td>ICC</td>
<td>International Chamber of Commerce</td>
</tr>
<tr>
<td>ICIP</td>
<td>Infrastructure and Camp Improvement Programme</td>
</tr>
<tr>
<td>IDA</td>
<td>International Disabilities Alliance</td>
</tr>
<tr>
<td>IDDC</td>
<td>International Disability and Development Consortium</td>
</tr>
<tr>
<td>ILA</td>
<td>Ineligibility List Administrator</td>
</tr>
<tr>
<td>IMTD</td>
<td>Information Management and Technology Division</td>
</tr>
<tr>
<td>ITB</td>
<td>Invitation to Bid</td>
</tr>
<tr>
<td>KPIs</td>
<td>Key Performance Indicators</td>
</tr>
<tr>
<td>LCL</td>
<td>Less than full container load</td>
</tr>
<tr>
<td>LCP</td>
<td>Local Committee on Procurement</td>
</tr>
<tr>
<td>LME</td>
<td>London Metal Exchange</td>
</tr>
<tr>
<td>LTA</td>
<td>Long-Term Agreement</td>
</tr>
<tr>
<td>MOSS</td>
<td>Minimum Operating Security Standards</td>
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<tr>
<td>MPF</td>
<td>Model Policy Framework</td>
</tr>
<tr>
<td>MPO</td>
<td>Micro Purchase Order</td>
</tr>
<tr>
<td>ODI</td>
<td>Organizational Instruction Organization Directive</td>
</tr>
<tr>
<td>OD</td>
<td>Organization Directive</td>
</tr>
<tr>
<td>OIC</td>
<td>Officer in Charge</td>
</tr>
<tr>
<td>OIOS</td>
<td>UN Office of Internal Oversight Services</td>
</tr>
<tr>
<td>OMT</td>
<td>Operations Management Team</td>
</tr>
<tr>
<td>OT</td>
<td>Open top</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
</tr>
<tr>
<td>PR</td>
<td>Purchase Requisition</td>
</tr>
<tr>
<td>RACI</td>
<td>RACI is an acronym derived from the four key responsibilities most typically used: responsible, accountable, consulted, and informed.</td>
</tr>
<tr>
<td>REACH</td>
<td>UNRWA’s ERP System</td>
</tr>
<tr>
<td>REOI</td>
<td>Request for Expression of Interest</td>
</tr>
<tr>
<td>RFI</td>
<td>Request for Information</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposals</td>
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<tr>
<td>RFQ</td>
<td>Request for Quotations</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>SLA</td>
<td>Service Level Agreement</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedures</td>
</tr>
<tr>
<td>SOW</td>
<td>Statement of Works</td>
</tr>
<tr>
<td>SSP</td>
<td>Source Selection Plan</td>
</tr>
<tr>
<td>TCO</td>
<td>Total Cost of Ownership</td>
</tr>
<tr>
<td>TET</td>
<td>Technical evaluation team</td>
</tr>
<tr>
<td>TOC</td>
<td>Tender Opening Committee</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>UNDSS/DSRM</td>
<td>United Nations Department of Safety and Security / Department of Security Risk Management</td>
</tr>
<tr>
<td>UNGC</td>
<td>United Nations Global Compact</td>
</tr>
<tr>
<td>UNGM</td>
<td>United Nations Global Marketplace</td>
</tr>
<tr>
<td>UNGSC</td>
<td>United Nations Global Staff College</td>
</tr>
<tr>
<td>UNICCC</td>
<td>United Nations International Computing Center</td>
</tr>
<tr>
<td>UNSPSC</td>
<td>United Nations Standard Products and Services Coding</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
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<tr>
<td>VRC</td>
<td>Vendor Review Committee</td>
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<tr>
<td>WEP</td>
<td>Women’s Empowerment Principles</td>
</tr>
<tr>
<td>WoB</td>
<td>Women-owned business</td>
</tr>
</tbody>
</table>
## Appendix C: Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Accessibility</td>
<td>“Accessible” in the context of inclusion of persons with disabilities means a person with a disability is “afforded the opportunity to acquire the same information, engage in the same interactions, and enjoy the same services as a person without a disability in an equally effective and equally integrated manner, with substantially equivalent ease of use. The person with a disability must be able to obtain the information as fully, equally, and independently as a person without a disability.</td>
</tr>
<tr>
<td>Arbitration</td>
<td>A method that is agreed to in advance by the parties to a contract to resolve a dispute by submission to one or more neutral third-party arbitrators for a binding judgement; arbitration is normally used to avoid litigation, i.e. court procedures.</td>
</tr>
<tr>
<td>Awarding Authority</td>
<td>An Awarding Authority is a person to whom authority has been delegated to enter into procurement contracts on behalf of UNRWA.</td>
</tr>
<tr>
<td>Award</td>
<td>The action taken by the Sponsoring Officer based on the evaluation of offers, to approve the selection of the vendor for a specific contract.</td>
</tr>
<tr>
<td>Audit Trail</td>
<td>Clear and concise documentation describing the history of a procurement action, enabling a future reviewer to establish that applicable regulations, rules and procedures have been followed.</td>
</tr>
<tr>
<td>Bid</td>
<td>An offer submitted by a vendor in response to a formal invitation for the supply of goods, services or construction meeting a specific description.</td>
</tr>
<tr>
<td>Bid Security or Bid Bond</td>
<td>A security from a vendor securing obligations resulting from a contract award with the intention to avoid: the withdrawal or modification of an offer after the deadline for submission of such documents; failure to sign the contract or failure to provide the required security for the performance of the contract after an offer has been accepted; or failure to comply with any other condition precedent to signing the contract specified in the solicitation documents.</td>
</tr>
<tr>
<td>Bidder, Proposer, Offeror</td>
<td>An entity that submits an offer in response to a solicitation. Normally, the term bidder is used to refer to the entity responding to an ITB, RFQ or an electronic auction; the term proposer is used to refer to the entity responding to an RFP.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td><strong>Bill of Lading (B/L)</strong></td>
<td>A carrier’s contract and receipt for goods it agrees to transport from one place to another and to deliver to a designated recipient (consignee). It constitutes a document of title to the goods specified therein.</td>
</tr>
<tr>
<td><strong>Bill of Quantities (BOQ)</strong></td>
<td>A description and a quantitative estimate of all materials and supplies which will be required for a proposed project (usually construction), provided to bidders for pricing purposes as part of the solicitation documentation.</td>
</tr>
<tr>
<td><strong>Brand Name</strong></td>
<td>A name or trademark by which one producer distinguishes its product from those of similar products by other producers in the same industry. A brand name identifies both the product and the producer.</td>
</tr>
<tr>
<td><strong>Call-off order</strong></td>
<td>Purchase Orders issued against an established Long Term Agreement are called call-off orders.</td>
</tr>
<tr>
<td><strong>Catalogue</strong></td>
<td>An organised list of goods or services specifying the description, price, unit of measure and other attributes. A catalogue may be available as a document or in electronic format.</td>
</tr>
<tr>
<td><strong>Collaborative Procurement, Common Procurement</strong></td>
<td>A procurement arrangement in which several UN organisations combine their efforts to undertake procurement in cooperation or share the outcome of a procurement process, thereby achieving benefits for the group in its entirety. The objective of collaborative procurement is to achieve reduced price or better service through economies of scale and to reduce inefficiency and duplication across the UN organisations.</td>
</tr>
<tr>
<td><strong>Competitive Bidding</strong></td>
<td>A procurement method in which offers from competing vendors are invited and provided with the scope, specifications and terms and conditions of the proposed contract as well as the criteria by which the offers will be evaluated. The objectives of competitive bidding are to obtain goods, services or works at the lowest cost and technical compliant or best value through open and fair competition.</td>
</tr>
<tr>
<td><strong>Consignment</strong></td>
<td>(1) An agreement with a vendor to stock goods at a customer’s location with the goods remaining the property of the vendor until used or sold; (2) A shipment that is handed over to a common carrier for transport and delivery.</td>
</tr>
<tr>
<td><strong>Contract</strong></td>
<td>A contract is a written, legally binding agreement between the Organisation and a vendor which establishes the terms and conditions, including the rights and obligations of the Organisation and the vendor. A Contract may take the form of a Long Term Agreement, Purchase Order,</td>
</tr>
</tbody>
</table>
Service Contract, Construction Contract, Memorandum of Understanding or other forms.

**Contract Administration**
All actions undertaken after the award of a contract relating to the administrative aspects of the contract, such as contract amendment, contract closure, record retention, maintenance of the contract file, and handling of security instruments (e.g., performance security).

**Contract Management**
The ongoing monitoring and management of the vendor’s performance regarding the contracted goods or services, as well as assuring compliance with all other terms and conditions of a contract, such as price and discounts. It includes managing the relationship between the vendor, the procuring unit, the requisitioner and/or the end user, feedback to the vendor regarding its performance, as well as dispute resolution, if necessary. Any changes to the terms of the contract must be mutually agreed to by the parties in writing. Contract management is generally the responsibility of the requisitioner.

**Contractor**
Any party to a procurement contract with the Organisation.

**Cost Estimate**
An approximate calculation of charges or costs to supply goods or services.

**Default**
A failure by a contracting party to meet one or more of its obligations under the contract.

**Disability-inclusive vendor**
A disability-inclusive vendor is a vendor which makes a dedicated, consistent, and measurable effort to implement disability-inclusive practices. Vendors can show that they are disability-inclusive through a variety of means such as, for instance, having an organizational policy on disability inclusion, recruiting and hiring people with disabilities, offering reasonable accommodation to candidates and personnel with disabilities, providing accessible premises, ensuring that their supply chains are disability-inclusive, or manufacturing accessible products following Universal Design principles.

**Delivery time**
The time taken to deliver goods from the date of contract to the time when the vendor makes the goods available at the agreed place as per the delivery terms.

**E-procurement**
Electronic procurement that occurs when the activities of the purchasing process are conducted electronically, typically over the Internet to shorten the cycle time and lower the transaction costs of the acquisition process.
| **Emergency** | An abnormal situation in which there is clear evidence that a sudden calamity such as earthquake, flood, hurricane, drought, crop failure, pests, disease or other natural disaster, or a human-made emergency such as war, hostilities (whether war is declared or not), civil war, rebellion or revolution or similar event or events have occurred and such event or events imminently threaten human life or livelihoods and cause disruption in the life of the community on an exceptional scale. |
| **Expression of Interest** | A response to a request for an expression of interest stating a vendor’s interest in participating in a solicitation. |
| **Fixed price** | A contract term which indicates that the price is set at a certain amount and is not subject to change unless the purchaser requests a change in specifications, delivery or term. Generally, a purchaser’s request for a change to specifications, delivery or terms in a fixed price contract would only occur in response to an unexpected change in specifications or a critical circumstance that would impact the vendor’s ability to fulfill the contract in accordance with the original terms. |
| **Force Majeure** | A contract provision under which major (and usually uncontrollable) events may excuse a party, in whole or in part, from the performance of its contractual obligations; e.g., fire, war, or severe weather. This is a standard clause in contracts of the organisations of the United Nations Common System. |
| **General Conditions of Contract** | The General Conditions of Contract for the Procurement of Goods, or Services, or Goods and Services (or ‘general terms and conditions’) are a set of standard contractual provisions which are incorporated into every commercial contract that the UN concludes. The General Conditions cover a range of issues, including the Contractor’s status vis-à-vis the Organisation, the use of sub-contractors, indemnification, intellectual property rights, use of the name, emblem or seal of the United Nations, termination and events of force majeure, dispute settlement, privileges and immunities, standards of conduct and amendments. |
| **Global Compact** | The voluntary international corporate citizenship network initiated by the UN to support the participation of both the private sector and other social actors to advance responsible corporate citizenship and universal social and |
environmental principles to meet the challenges of globalisation. It is based on ten principles related to human rights, labour, environment and anti-corruption. See www.globalcompact.org for more information.

**Goods**

Objects of every kind and description including raw materials, products and equipment and objects in solid, liquid or gaseous form, and electricity, as well as services incidental to the supply of the goods if the value of those incidental services does not exceed that of the goods themselves.

**Guarantee**

A promise or pledge, i.e. something given or existing as security such as to fulfill a future engagement or a subsequent condition (e.g. bank guarantee). It can also be a provision in a contract by which one person promises to pay the obligation of another person in case that person fails to pay debts or perform a specific duty.

**INCOTERMS 2020**

INCOTERMS 2020 are standardized and widely-recognized trade rules prepared by the International Chamber of Commerce (ICC) to be included in contracts for the sale of goods. They set forth standard contractual provisions that clarify costs and risks and responsibilities of the parties to the contract, particularly in relation to the shipment and delivery of the goods from sellers to buyers. See for more information and definitions which are copyrighted by the ICC.

**Intellectual Property**

Creations or inventions of the mind, including, but not limited to, copyright (such as designs, artwork, software, data, original text, maps), trademarks (such as symbols and names) and patents (such as drug formulations, hardware).

**Invitation to Bid**

A formal invitation by the Organisation to a vendor to submit a formal offer in accordance with a specified procedure for the supply of goods, services or construction meeting precise specifications (“Bid”).

**Invoice**

Vendor’s demand for payment setting out the amount for payment by the Organisation in respect of goods delivered or services rendered.

**Lead Time**

The time that elapses from placement of an order until receipt of the order for goods, services or construction, including time for order transmittal, processing, preparation and shipping.

**Letter of Intent (LOI)**

A pre-contractual document, usually in the form of a letter and sometimes signed by both parties, used to express expectation of contract formation in the future and ensure that certain basic agreements are clearly understood by both parties. When properly drafted, the LOI should create
no binding obligation to either party.

<table>
<thead>
<tr>
<th><strong>Liability</strong></th>
<th>The 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.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life cycle cost,</strong> <strong>Whole life cost,</strong> <strong>Total cost of ownership</strong></td>
<td>The sum of all recurring and one-time (non-recurring) costs over the full life span or specified period of a good, service, structure, or system. It includes purchase price, installation cost, operating costs, maintenance and upgrade costs and remaining residual or salvage value at the end of ownership or its useful life.</td>
</tr>
<tr>
<td><strong>Liquidated Damages</strong></td>
<td>A sum agreed upon during the formation of a contract which will be paid by the breaching party in the event of a defined breach of contract (such as non-performance or delay in delivery). The amount of Liquidated Damages must be arrived at in good faith and must be based on an estimate of the actual damage that will ensue from the breach.</td>
</tr>
<tr>
<td><strong>Logistics</strong></td>
<td>The process of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and related information from point of origin to point of consumption for the purpose of conforming to customer requirements.</td>
</tr>
<tr>
<td><strong>Long Term Agreement</strong></td>
<td>A written agreement that is established for a defined period of time for specific goods or services at prescribed prices or pricing provisions and with no legal obligation to order any minimum or maximum quantity.</td>
</tr>
<tr>
<td><strong>Market Research</strong></td>
<td>The process of collecting and analyzing information about capabilities within the market to satisfy the Organisation’s needs, in order to identify vendors, assist in the development of specifications, TORs and SOWs, ascertain pricing information and obtain information on available technology.</td>
</tr>
<tr>
<td><strong>Memorandum of Understanding (MoU)</strong></td>
<td>A Memorandum of Understanding is either (i) an informal agreement outlining the parties' expectations, commitment and longer-term goals in broader rather than specific terms or (ii) a legally binding contract, generally used when the contracting party is a non-commercial entity. The language of the MoU determines whether it is legally binding.</td>
</tr>
<tr>
<td><strong>Net present value</strong></td>
<td>Compares the value of a dollar today to the value of that same dollar in the future, taking inflation and returns into account. If the NPV of a prospective project is positive, the investment adds value and it may be accepted. If it is negative, the project should be rejected.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td>Offer, Submission</td>
<td>A generic term for bids, quotations and proposals received from a vendor in response to solicitation documents.</td>
</tr>
<tr>
<td>Exigency</td>
<td>An exceptional compelling and urgent need, which does not constitute an emergency as defined in Organization Directive No. 10 and does not result from poor planning or management or from concerns over the availability of funds, that will lead to serious damage, loss or injury to property or persons or undue hardship to persons if not addressed immediately.</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>The process of contracting out a business process, which an organisation may have previously performed internally or which the organisation deems necessary or important, to an independent company, vendor or Contractor where the process is purchased as a service.</td>
</tr>
<tr>
<td>Performance Security or Bond</td>
<td>A financial instrument that is intended to provide security against failure by a vendor to perform its obligations and serves as a source of compensation for a vendor's failure to fulfill the terms of a contract.</td>
</tr>
<tr>
<td>Procurement</td>
<td>The acquisition through purchase or lease of real property, goods or other products (including intellectual property), works or services.</td>
</tr>
<tr>
<td>Procurement Officer</td>
<td>The procurement personnel responsible for a specific procurement process and who executes the procurement process for a requirement.</td>
</tr>
<tr>
<td>Procurement Review Committees (HCP, LCP)</td>
<td>Committees established for the independent review of proposed contracts over certain thresholds. The review is conducted to verify that all procurement rules, policies and procedures are met and that the Organisation's interests are properly protected.</td>
</tr>
<tr>
<td>Proposal</td>
<td>An offer in response a Request for Proposal</td>
</tr>
<tr>
<td>Purchase Order</td>
<td>A type of Contract that documents the purchase of goods and/or services.</td>
</tr>
<tr>
<td>Purchasing Card</td>
<td>A payment method whereby requisitioners are empowered to deal directly with vendors for low-dollar, high-frequency purchases by using a credit card issued by a bank or major credit card provider. The cards reduce paperwork and enable purchasing and accounts payable personnel to focus on more value-added activities.</td>
</tr>
<tr>
<td>Quotation</td>
<td>An offer in response to a Request for Quotation.</td>
</tr>
<tr>
<td>Receipt of Goods</td>
<td>Official acknowledgement of receipt of goods.</td>
</tr>
<tr>
<td>Regulatory Framework</td>
<td>UNRWA’s Regulations, Rules, Organisation Directives, Instructions, Circulars, and any other regulatory instruments, including policies and regulations.</td>
</tr>
</tbody>
</table>
Remedy  
A means of relief that either party can pursue to compensate for the other party's non-performance or non-compliance with a Contract term or condition.

Request for Expression of Interest  
An advertisement to identify vendors that wish to participate in a forthcoming solicitation.

Request for Information  
An instrument to conduct a market survey in order to obtain information from the market that can be used to identify available or potential vendors for fulfilling identified needs which may include information on cost and delivery time.

Request for Proposal  
A formal method of solicitation where prospective vendors are requested to submit a proposal for the provision of goods, services or construction, based on the specifications, Scope of Work or Terms of Reference included in the solicitation documents. Normally used in cases where the requirements are complex, cannot be clearly or completely specified, where detailed technical evaluations are to be performed and/or where pricing or cost may not be the sole basis of award.

Request for Quotation  
An informal method of solicitation whereby vendors are requested to submit a quotation for the provision of goods or services. Normally used for standard, off-the-shelf items, where the value of the procurement falls below the established threshold for formal methods of solicitation.

Requisition  
A written or computerized request from an internal user/customer for the fulfillment or procurement of goods, services or construction.

Requisitioner  
The person or unit initiating a purchase requisition, i.e. a request for goods, works or construction.

Residual Value  
The value of an item which has served its functional purpose but retains some value as in trade-in or scrap.

Sealed Offer  
An offer which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission and opening of all offers.

Security Instruments  
Financial instruments that are intended to provide security against expenses and losses that result from a failure by a vendor to perform its obligations. They are intended to ensure that funding is available to
compensate the non-breaching party for such failure and are not intended as a punishment. The main security instruments are Bid Security and Performance Security. A security can take the form of bank guarantees, surety bonds, stand-by letters of credit, cheques on which a bank is primarily liable and cash deposits.

**Segregation of Duties**
An internal control mechanism used to assure that no single individual or organisational unit is given responsibility for more than one related function.

**Services**
Work, duty or labour performed by a Contractor pursuant to a contract. Rendering of services may involve the associated provision of utilities or facilities if specified in the terms of the contract. Typical examples of services include security, catering, cleaning, travel management, event management, IT services, training, and freight forwarding and consulting.

**Single Source**
Procurement of products or services from one selected vendor, even though there are other vendors that provide similar products or services.

**Sole Source**
A procurement term employed when there is no competitive marketplace for the requirement, i.e. the product or service needed is available only from one source.

**Solicitation**
Generic term for a request to vendors to offer a bid, quotation or proposal.

**Solicitation Documents**
Documents issued to describe Procurement requirements and to invite vendors to submit a bid, quotation or proposal.

**Sourcing**
The process of identifying suitable vendors that could provide required products or services for the acquiring organisation.

**Specifications**
A description of the technical requirements for a material, product or service. Usually referring to the defined requirements for materials or products, but can also relate to the requirements for services (Terms of Reference) or works (Statement of Work).

**Sponsoring Officer**
The procurement personnel responsible for a specific procurement process and who executes the procurement process for a requirement. This term has been replaced with Procurement Officer in the 2021 revision of the Procurement Manual.

**Standardization**
The process of agreeing on a standard specification for a specific product or line of products. Usually conducted to achieve economies of scale, compatibility with other products, facilitation of operation, maintenance
and repair of already purchased goods. Standardization could result in sole or limited source situations which should be a consideration in the decision for standardization.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Statement of Work (SOW)</strong></td>
<td>Requirement specifications for work assignments outlining the specific services a Contractor is expected to perform, generally indicating the type, level and quality of service, as well as the time schedule required. Usually accompanied by a Bill of Quantities (BOQ) and drawings or designs.</td>
</tr>
<tr>
<td><strong>Stewardship</strong></td>
<td>The responsibility of an organisation for managing the funds and resources entrusted to it by its member states and other donors in an ethical and transparent manner and for the welfare and in the interest of the designated beneficiaries of the funds and resources entrusted.</td>
</tr>
<tr>
<td><strong>Sub-Contractor</strong></td>
<td>A third party that carries out work for a Contractor under a subcontract.</td>
</tr>
<tr>
<td><strong>Vendor</strong></td>
<td>An entity that potentially or actually provides goods or other products (including intellectual property), services and/or works to the Organisation. A vendor may take various forms, including an individual person, a company (whether privately or publicly held), a partnership, a government agency or a non-governmental organization.</td>
</tr>
<tr>
<td><strong>Sustainable Procurement</strong></td>
<td>Procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, social progress and support of economic development by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.</td>
</tr>
<tr>
<td><strong>Terms of Reference (TOR)</strong></td>
<td>A description of the scope of work for services generally indicating the work to be performed, the level of quality and effort, the timeline and the deliverables.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>A principle implying a process by which reliable, timely information about existing conditions, decisions and actions relating to the Organisation’s activities is made accessible, visible and understandable.</td>
</tr>
<tr>
<td><strong>Warranty</strong></td>
<td>An assurance (expressed or implied) by the vendor that the material, product or workmanship being sold is as represented or promised, e.g. free of defects, or will be repaired or replaced free of charge or according to conditions set out in the warranty.</td>
</tr>
</tbody>
</table>
Works (including construction works or civil works) All activities associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or activities such as site preparation, excavation, erection, building, infrastructure, installation of equipment or materials, decoration and finishing, as well as services incidental to construction such as drilling, mapping, satellite photography, seismic investigations and similar services provided pursuant to the procurement contract, if the value of those services does not exceed that of the works themselves.