**General Considerations of Contracting**

**Basis of award**

1. Business Units shall award contracts within the period of the offer’s validity to the Offeror that meets the requirements defined by solicitation and whose bid has been determined (1) to be substantially responsive to the solicitation documents, and (2) to offer the best value for money.
2. Where quotations have been solicited, price and other commercial terms and conditions are requested and an award is made to the lowest priced technically acceptable offer.
3. Where bids are solicited, generally price is the sole determinant in making an award. The contract is awarded however to the lowest evaluated offer, where all technical criteria are met. Lowest evaluated offer” comprises, where possible, the costs of additional components, such as life cycle costing (i.e., running cost, maintenance cost) amongst other qualified and responsive competent offers.
4. In the case of proposals, a contract is awarded to either (1) an Offeror, which attains the minimum qualifying technical score and presents the lowest financial proposal; or (2) the Offeror, which obtains the highest cumulative score of both the technical and financial proposals combined. Price is only one of several factors comprising the evaluation criteria. The award is made to the qualified and responsive Offeror whose proposal substantially conforms to the requirements set forth on the solicitation documents and is evaluated to be the lowest cost to the UNDP.

**General Provisions**

1. Contracts shall be awarded within the designated period of the offer’s validity and clearly define:
2. the nature of the goods, civil works and/or services being procured;
3. the quantity being provided;
4. contract or unit price;
5. duration of the contract;
6. conditions to be fulfilled, including applicable UNDP General Terms and Conditions;
7. terms of delivery and payment;
8. name and address of Supplier; and
9. the rights and obligations of UNDP and of the Supplier.
10. Modifications and/or additions to the UNDP General Terms and Conditions are prohibited. However, if required and expressly approved by LSO, special conditions appropriate to the nature and location of the project may be supplemented to the standard Terms and Conditions.
11. Where a performance security is required to ensure performance during the warranty period, a contract should be signed only upon receipt of the performance security in the form of a bank guarantee or performance bond.
12. Business Units shall maintain an audit trail for all contracts, including utilizing the Contract Management Module.

**Negotiations**

1. As price is key factor in the selection of the Supplier, negotiation of such term is not recommended. However, negotiations may be carried out with the selected Supplier regarding payment terms, supplementary terms and conditions, delivery, etc. Negotiations, nonetheless, should result in a clear understanding of responsibilities under the contract.

**Contract Types**

1. A selection of contract types is available to UNDP to provide needed flexibility in acquiring the variety and volume of goods, civil works or services required. Contract types vary according to (1) the degree and timing of the costs of performance, and (2) the amount and nature of achieving specified standards or objectives.
2. lump-sum contracts (commonly used in UNDP);
3. time and materials based contracts, generally used when hiring the services of individual consultants from an agency; or
4. percentage contracts, measuring consultancy costs as a percentage of total construction costs, generally for architectural services. However, this contract type should be discouraged.

**Liquidated Damages**

1. Where time is of the essence, provisions for liquidated damages or similar provisions, generally established at one percent of the total contract amount per week, shall be included in the conditions of contract when delays result in extra cost, or loss of revenue or loss of other benefits to the Business Unit. Such a provision provides a claim of right to remedies, deducting a fixed percentage for each day or week of delay as compensation for losses sustained in the case of non- or late performance.

1. Once a deduction of 10 percent has been obtained, the Business Unit may consider termination of the contract.

1. Such a provision for liquidated damages may be reasonably increased in excess of 2 percent where time is of the essence (e.g., elections are to be held March 14, 200x, delivery of equipment is scheduled no later than March 1. Equipment arriving later than March 1 will be subject to liquidated damages).

**Contract Amendments**

1. Once a contract subject to prior review has been awarded and signed, Business Units are permitted to amend provisions in one of two situations:
2. contract provisions dictate modification; or
3. in furtherance to the execution of an original contract additional related goods, civil works or services are to be rendered by the same entity.
4. All amendments must be requested by the RR or Head of the Business Unit citing the revised contract provision(s), the original provision(s) and the affected specifications, statement of works or TOR; and submitted for review through the CAP, and the ACP via ACP Online.

**Debriefing Unsuccessful Offerors**

1. In general, UNDP does not debrief unsuccessful Offerors. However, in the case of high value contracts, a debriefing must be conducted upon request from an unsuccessful Offeror. The scope of the debriefing meeting is limited to an identification of technical deficiencies or weaknesses within the Offeror’s proposal. Business Units are advised not to discuss with Suppliers (1) the financial or cost information of other Offerors; (2) the evaluation scoring; or (3) other proposals received.

**Transparency**

1. To enhance transparency, COs must post all contract awards valued at USD 100,000 and more on the websites of the CO and the corporate [UNDP Web site](http://procurement-notices.undp.org/view_awards.cfm). Notice of awards should indicate the following:
2. name of contractor;
3. country of contractor;
4. date of contract signature;
5. contract amount in US$;
6. description of contract;

**Contract Formats**

**Purchase Orders**

1. In the case of goods valued at USD 5,000 or more procured by UNDP, a purchase order shall be issued. The purchase order ensures that the commitments are recorded in ALTAS.

**Model Contract for Goods and/or Services for/to UNDP**

1. Contract Face Sheet (Goods and/or Services) for goods/services for/to UNDP [English version](https://popp.undp.org/node/18791) replaced the Professional Services contract and the Institutional Services Contract; and also incorporated the Long-Term Agreement (LTA) from October 2017. It is employed to contract with an institution or other legal entity for all goods and services including LTAs, regardless of the nature of the contract – whether it is for Goods, Services, or both Goods *and* Services[[1]](#footnote-2).

**Model Contract for Goods and/or Services Between a United Nations entity, represented by the United Nations Development Programme, and a Company or Organization**

1. Contract Face Sheet (Goods and/or Services) for goods/services for/to UN Entities [English version](https://popp.undp.org/node/2101) shall be utilised when UNDP is procuring services/good and signing the contract on behalf of another UN Entity, with an institution or other legal entity, regardless of the nature of the contract – whether it is for Goods, Services, or both Goods *and* Services.

**General Terms and Conditions Contracts (for Goods and/or Services)**

1. General Terms of Conditions for Contracts (Goods and Services) shall be attached or this link [English version](https://popp.undp.org/node/2066) shall be inserted into all contracts for goods and/or services for/to UNDP and when UNDP is procuring and signing the contract on behalf of another UN Entity.
2. The General Terms and Conditions for *de minimis* contracts (Services only) shall be attached or this link, [English version](https://popp.undp.org/node/18786) shall be inserted when the contract is for services only and up to $50,000 for/to UNDP and when UNDP is procuring and signing the contract on behalf of another UN Entity.

**Reimbursable Loan Agreement**

1. Reimbursable loan agreements (RLA) are used when contracting with a government institution; university; or other legal entity to engage consultancy services of select individuals. (e.g., Professor X of ABC University to undertake anti-corruption studies valued at USD 125,000 for a period of one academic year)

**Civil Works**

1. Contracts for civil works are drawn up for the procurement of transportation, infrastructure, civil or environmental engineering services required by the Business Unit. (e.g., construction of a thermal power station valued at USD 12.5 million in Northern Iraq)
2. **Long Term Agreements[[2]](#footnote-3)** A long-term agreement (LTA) is a mutual arrangement with Supplier to provide goods or services as required, over a specific period of time, with the quantity to be determined at prescribed prices or pricing provisions. LTAs are distinguished by the repeated nature of the transaction consequent of the relationship established between parties.

**Individual Contracts**

1. Individual Contracts are utilized to engage services of an individual to perform time-bound and non-staff tasks aimed at delivering clear and quantifiable outputs which must be identified in the contract and directly linked to payments

**Templates/Forms/Links**

1. Contract Face Sheet (Goods and/or Services) for goods/services for/to UN Entities (when UNDP is procuring services/good and signing the contract on behalf of another UN Entity):

* [English version](https://popp.undp.org/node/2101)
* [French version](https://popp.undp.org/fr/node/2101)
* [Spanish version](https://popp.undp.org/es/node/2101)
1. General Terms and Conditions (for Goods and/or Services):
* [English version](https://popp.undp.org/node/2066)
1. General Terms and Conditions for *de minimis* contracts (Services only):
* [English version](https://popp.undp.org/node/18786)
1. Model Reimbursable Loan Agreement:
* [English version](https://popp.undp.org/node/4596)
* [Spanish version](https://popp.undp.org/es/node/4596)
* [French version](https://popp.undp.org/fr/node/4596)
1. Model Contract for Civil Works:
* [English version](https://popp.undp.org/node/4591)
* [Spanish versión](https://popp.undp.org/es/node/4591/)
* [French version](https://popp.undp.org/fr/node/4591)
1. UNDP General Terms and Conditions for Civil Works:
* [English version](https://popp.undp.org/node/4586)
* [Spanish version](https://popp.undp.org/es/node/4586)
1. [RLA Guidelines](https://popp.undp.org/node/2011) (English)
2. [UNCITRAL Arbitration Rules](https://uncitral.un.org/en/texts/arbitration/contractualtexts/arbitration)
3. [UNCITRAL Conciliation Rules](https://uncitral.un.org/en/texts/mediation/contractualtexts/conciliation)
1. There are no more separate Contract templates nor separate General Terms and Conditions (GTC) for goods and services, they are now combined into one Contract Face Sheet and one GTC. [↑](#footnote-ref-2)
2. The Long-Term Agreement Template has now been incorporated into the Contract for goods and/or services and the GTCs) [↑](#footnote-ref-3)