**Evaluation of Offers**

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Structure Element - Description

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

Evaluation and Comparison of Offers

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

Evaluation Criteria

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

**Administrative Requirements**

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

1. For purposes of consistency, a prescribed template for the determination of compliance with administrative requirements has been developed by Procurement Support Unit (PSU), Bureau for Management Services (BMS) [here](https://popp.undp.org/node/2096).

**Technical Requirements**

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

Financial Requirements

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

Evaluation Methodologies

1. The evaluation methodologies and basis for awarding corresponding to the different procurement methods are as follows:
2. **Evaluation of quotations (Micropurchasing / Request for quotations)**

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

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

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

The evaluation should consider the following factors:

* + 1. conformity to specifications;
		2. product quality (e.g., conformity to national/international product standards);
		3. acceptability of delivery time and terms;
		4. full compliance with UNDP General Terms and Conditions;
		5. acceptability of warranty duration and conditions (where applicable);
		6. sufficiency of after-sales services (where applicable);
		7. the landed price does not exceed the budget ceiling for the goods required;
		8. acceptable payment terms and are within what payment policies allow; and
		9. Others as may be necessary as per the nature of the requirement.
1. **Basis for Award.**

Micropurchasing and RFQs are reviewed based on a non-discretionary “pass/fail” method only. The lowest-priced offer among the technically compliant/responsive offers must be selected. Where the second lowest price among the responsive offers is found to be significantly more superior, and the price is higher than the lowest price compliant offer by not more than 10%, then the second lowest price may be selected, but only if the budget can sufficiently cover the price difference (hereinafter “10% difference rule”). The term “more superior” as used in this provision shall refer to offers that have exceeded the pre-determined requirements established in the Micropurchasing or RFQ, and does not apply to offers containing features, qualities or characteristics that may be more superior but were not originally indicated as a requirement in the original specification, nor was such feature stated as a criteria for an award.

1. **Evaluation of Bids (Invitation to Bid)**

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

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

 Evaluation of Bids shall be undertaken in the following steps:

 a) Preliminary Examination including Eligibility

b) Arithmetical check and ranking of bidders who passed preliminary examination by price.

c) Qualification assessment (if pre-qualification was not done)

d) Evaluation of Technical Bids

e) Evaluation of prices

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

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

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

The bid evaluation should consider the following factors:

1. conformity to specifications or statement of works;
2. product and services quality (i.e., conformity to national/international standards);
3. acceptability of the delivery/completion time and terms;
4. compliance with UNDP General Terms and Conditions;
5. acceptability of warranty duration and conditions (where applicable);
6. sufficiency of after-sales services/defects liability and period/performance guarantees;
7. spare part(s) and technical support availability and accessibility for a required period;
8. technical and financial capacity and reliability of the offeror to fulfill the requirements as committed;
9. the landed price does not exceed the budget ceiling for the goods/services required;
10. acceptable payment terms and are within what payment policies allow; and
11. Others as may be necessary as per the nature of the requirement.

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

1. **Basis for Award.**

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

1. **Evaluation of Proposals (Request for Proposals)**

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

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

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

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

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

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| a)Evaluated Criteria or Sub-criteria | b)Supporting evidences | c)Example Scoring Scale System | d)Example for a sub-category with a total score of 10 points. |
| Excellent | Requirements submitted and supported by excellent evidence of ability to support and exceed contract requirements | 100% | 10 |
| Good | Requirements submitted and supported by good evidence of ability to support and exceed contract requirements | 90% | 9 |
| Satisfactory | Requirements submitted and supported by satisfactory evidence of ability to support contract requirements | 70% | 7 |
| Poor | Requirements submitted and supported by marginally acceptable or weak evidence of ability to support contract requirement (Clarification may be required) | 40% | 4 |
| Very poor | Requirements submitted but not supported by evidence to demonstrate ability to comply with contract requirements | 10% | 1 |
| No submission | Information has not been submitted or is unacceptable | 0% | 0 |

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

1. In this methodology, the maximum number of points assigned to the financial proposal is allocated to the lowest price proposal. All other price proposals receive points in inverse proportion. A suggested formula is as follows:

p = y (μ/z)

Where:

p = points for the financial proposal being evaluated
y = maximum number of points for the financial proposal
μ = price of the lowest priced proposal
z = price of the proposal being evaluated

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

Evaluation Process

1. Upon receipt and opening of offers, the evaluation process shall commence and will be conducted according to the evaluation criteria and method defined in the solicitation documents. Under no circumstances may new or revised evaluation criteria be introduced during the evaluation of offers, nor the method of evaluation be changed. These regulations ensure transparency and fairness during the evaluation process.
2. The evaluation process includes the following steps:
3. Establishment of an evaluation team
4. Receipt of opening report
5. Preliminary examination of offers
6. Technical evaluation (In the case of RFPs, the process requires completion of technical evaluation report and opening of financial offers. In the case of ITBs, the technical and the financial proposals are reviewed together)
7. Financial evaluation (see note above)
8. Obtaining Clarifications (if required and justified)
9. Preparation and Submission of Evaluation report (to Procurement Review Committees where required)
10. Negotiation (if applicable or justified)
11. Background checks (if required)

1. **Creation of the Evaluation Team**

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

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

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

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

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

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

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

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

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

1. **Opening of bids or proposals**

Public Bid Opening report is mandatory for ITBs and must be done immediately after tender has closed. When tender is managed in Quantum, Public bid Opening report is sent automatically from the system. For tenders not managed in Quantum, Bids will be opened in the presence of an ad-hoc committee from by UNDP of at least two (2) members and presence of participating bidders that choose to attend.

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

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

1. offeror’s name and place of business;
2. bid/proposal price and currency;
3. price of alternate bids/proposals, if any; and
4. bid/proposal security, if requested.

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

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

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

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

1. **Preliminary examination of bids/proposals**

The preliminary examination of bids or proposals determines whether the offers meet the basic procedural and administrative requirements defined in the solicitation documents. The preliminary examination process should include checking of compliance on the formal requirements of the ITB/RFP. The template recommended to be used for conducting this is available in [this link](https://popp.undp.org/node/2096).

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

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

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

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

1. **Technical evaluation**

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

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

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

1. Affect the scope and quality of the contract;
2. Limit UNDP rights or offerors’ obligations;
3. Unfairly impacts the competitive position of other offerors.

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

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

1. **Financial evaluation**

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

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

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

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

1. **Clarifications from suppliers**

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

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

1. **Due diligence**

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

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

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

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

* + 1. Verification and validation of accuracy, correctness and authenticity of legal, technical and financial documents submitted;
		2. Inquiry and reference checking with Government entities with jurisdiction on the offeror, or any other entity that may have done business with the offeror;
		3. Physical inspection of the offeror’s plant, factory, branches or other places where business transpires, with or without notice to the offeror;
		4. Testing and sampling of completed goods similar to the requirements of UNDP, where available (if ITB); and
		5. Other means that UNDP may deem appropriate, at any stage within the selection process, prior to awarding the contract.

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

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

Moreover, for contracts of 1 million USD or more, it is mandatory to obtain third party reference checks from credit rating and reporting agencies. For such high-value contracts and/or in cases involving technically complex procurement cases, the Business Unit shall contact credit rating and reporting agencies (i.e., Dunn and Bradstreet, Moody’s Investor Services) for reports on the company’s production facilities, financial and management status.

1. **Evaluation Report**

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

1. [Evaluation Reporting Template Form for RFQs](https://popp.undp.org/node/5216);
2. [Evaluation Reporting Template Form for RFPs/ITBs](https://popp.undp.org/node/5246);
3. [Evaluation Reporting Template Form for Direct Contracting](https://popp.undp.org/node/5241).

1. **Cancelling the ITB/RFP**

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

1. The selection process has been unsuccessful, i.e. no qualitatively or financially worthwhile offer has been received or there is no response from the market despite the reasonable period of time of advertisement or sufficient number of direct invitations circulated;
2. The technical requirements or financial condition of the project have been fundamentally altered;
3. Exceptional circumstances or force majeure have rendered the initiation of the contract impossible or infeasible;
4. All of the responsive offer significantly exceeded UNDP’s price estimation and the financial resources available for the contract, and a budget adjustment is infeasible;
5. There have been irregularities in the procedure, in particular where there is failure in achieving transparency of
6. 0 the process or fair competition among offerors, that proceeding will only pose reputational risks for UNDP.

In the event of such cancellation of ITB/RFP process, offerors must be notified of the cancellation by the UNDP, without obligation on the part of UNDP to explain the rationale for the cancellation. Such offerors shall not be entitled to any compensation whatsoever. When the tender procedure is cancelled before the envelopes are opened, the unopened and sealed envelopes must be returned to the respective offerors. For the processes managed in Quantum, the cancellation of bids prior to bid opening, when applicable, must be done in the system.

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