

# Guidance on Due Diligence OSS/CPC

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**Version 3.0**

**Target Audience: All Staff**

## Version history

Version	Date	Author	Approver	Amendments
1.0	June 2016	F.Jorda/ CPC/ OSS	A. Janssens/ CPC/OSS	
2.0	Dec 2017	U. Mijuskovic/ CPC/ OSS	A. Janssens/ CPC/OSS	Filling the Self-Declaration form is now mandatory for medium value tenders; Tips on how to analyse the financial strength of the bidders have been added.
3.0	March 2018	U. Mijuskovic/ CPC/ OSS	A. Janssens/ CPC/OSS	Self-Declaration amended to include a clause on the prohibition of sexual abuse and exploitation

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## Introduction

1. This document serves as guidance to the technical evaluation panel on how to go about due diligence.
2. Due diligence consists of a documentary review undertaken by the technical evaluation panel with the goal of determining the bidders:
  - a) Solvency;
  - b) Involvement in illegal activities; and
  - c) Adherence to the UN Supplier Code of Conduct.

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## Due diligence

### ***For procurement of goods and services between US\$25,000 and US\$50,000***

3. It is recommended that the winning bidder completes and signs the Self-Declaration Form. If and when this occurs, the Procurement Initiator is to upload the signed form in the Procurement File. The Self-Declaration Form template is included as an Annex to this document.

### ***For procurement of goods and services above US\$50,000***

4. The documents and information allowing the technical evaluation panel to perform due diligence of the bidders are listed in the table below:

1.3 <b>Declared financial statements</b> for the past three (3) years
1.4 <b>Legal information</b>
1.4.1 History of <b>Bankruptcy</b>
1.4.2 Pending major <b>lawsuits</b> and <b>litigations</b> in excess of \$100,000 at risk
1.4.3 Pending <b>Criminal/Civil lawsuits</b>
Annex 6: Self-Declaration Form => to be completed and signed by all bidders

5. When performing due diligence, the following steps are recommended:
  - a. Check if all documents and information listed in the table above are present in all the bids. Submitted proposals that do not contain all documents and information listed in the table above should be rejected.
  - b. Check for each bidder's proposal or bid whether any reservations or remarks are stated on the signed Self Declaration Form. Should the Self-Declaration Form contain information that indicates that the bidder does not comply with all the conditions stated, further advice should be sought from LEG.
  - c. Check for consistency between what is stated on the signed Self-Declaration Form and the content of the documents and information listed in the table above. If, for instance, a Bidder signs the Self-Declaration Form (and as such declares not to be bankrupt), but submits evidence that the company is having its affairs being administered by the courts, this may be a reason to reject the Proposal. If any inconsistencies are found, they should be documented.
  - d. With respect to analysing the financial strength of the bidders, the following are good practices:
    - Cash flow statement of the bidder: Free cash flow indicates the solvency of the company – due to accounting presentations it is possible for a company to record

profits, yet have negative cash flow. Demonstrating a positive cash flow over a series of years is a positive indicator of company health.

- Profit: analyse the profit (or loss) the bidder has made over the past 3 years. In case the bidder's profit pattern shows a decline and/ or loss, there is a reason for concern.
  - Turnover (Sales): check the bidder's turnover in respect of the size of the contract that is envisaged. A ballpark figure is that the bidder's turnover should be at least 10 times bigger than the anticipated value of the contract.
  - Longevity of the bidder: check the length of existence of the bidder. Normally, more caution should be exercised when the bidder has been in existence for less than 3 years.
- e. Should the technical evaluation panel have any concerns and/or doubts during the performance of the due diligence, advice should be sought from FNM (for procurement undertaken at Headquarters) or the responsible Procurement Officer (for procurement in the Regions).

### ***For waivers of competitive bidding or sole source procurement of goods and services above US\$25,000***

6. The Procurement Initiator is to upload the signed Self-Declaration Form of the selected vendor in the Procurement File. The Self-Declaration Form template is included as an Annex to this document.

### ***For all procurement of services, regardless of the value***

7. If WHO will rely on the winning bidder's independence and objectivity in the performance of the work, the requesting unit should request the winning bidder to complete the WHO Declaration of Interests (DOI) form.  
For more information on the DOI visit: <http://intranet.who.int/homes/cre/ethics/doiexperts/>
8. In cases where a DOI form is required, this DOI form comes in addition to the Self-Declaration Form indicated earlier.
9. If the requesting unit has any concerns with the DOI, it can consult the Compliance, Risk Management and Ethics Office (CRE).

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## **Annex – Self Declaration Form**

Included on the next page

# SELF DECLARATION FORM

## Applicable to private and public companies

<COMPANY> \_\_\_\_\_ (the "Company") hereby declares to the World Health Organization (WHO) that:

- a. it is not bankrupt or being wound up, having its affairs administered by the courts, has not entered into an arrangement with creditors, has not suspended business activities, is not the subject of proceedings concerning the foregoing matters, and is not in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b. it is solvent and in a position to continue doing business for the period stipulated in the contract after contract signature, if awarded a contract by WHO;
- c. it or persons having powers of representation, decision making or control over the Company have not been convicted of an offence concerning their professional conduct by a final judgment;
- d. it or persons having powers of representation, decision making or control over the Company have not been the subject of a final judgment or of a final administrative decision for fraud, corruption, involvement in a criminal organization, money laundering, terrorist-related offences, child labour, human trafficking or any other illegal activity;
- e. it is in compliance with all its obligations relating to the payment of social security contributions and the payment of taxes in accordance with the national legislation or regulations of the country in which the Company is established;
- f. it is not subject to an administrative penalty for misrepresenting any information required as a condition of participation in a procurement procedure or failing to supply such information;
- g. it has declared to WHO any circumstances that could give rise to a conflict of interest or potential conflict of interest in relation to the current procurement action;
- h. it has not granted and will not grant, has not sought and will not seek, has not attempted and will not attempt to obtain, and has not accepted and will not accept any direct or indirect benefit (financial or otherwise) arising from a procurement contract or the award thereof;
- i. it adheres to the UN Supplier Code of Conduct; and
- j. it has zero tolerance for sexual exploitation and abuse and has appropriate procedures in place to prevent and respond to sexual exploitation and abuse.

The Company understands that a false statement or failure to disclose any relevant information which may impact upon WHO's decision to award a contract may result in the disqualification of the Company from the bidding exercise and/or the withdrawal of any offer of a contract with WHO. Furthermore, in case a contract has already been awarded, WHO shall be entitled to rescind the contract with immediate effect, in addition to any other remedies which WHO may have by contract or by law.

<b>Entity Name:</b>	.....
<b>Mailing Address:</b>	..... ..... .....
<b>Name and Title of duly authorized representative:</b>	.....
<b>Date:</b>	.....
<b>Signature:</b>	.....

