

Guidance on Long Term Agreements OSS/CPC

Version 0.1

Target Audience: All Staff

1. Introduction

1. The purpose of this document is to guide WHO staff in the establishment, usage and management of Long Term Agreements (LTAs) for the procurement of goods and/or services.
2. The document brings together all the relevant policy, procedural and operational elements related to Long Term Agreements. It should be read in conjunction with relevant eManual and Procurement Handbook provisions and other provisions referred to in the document.

2. Definition and purpose of a Long Term Agreement

3. A Long Term Agreement (LTA), also referred to as "umbrella" or "framework" agreement, is an agreement between the Organization and a supplier for the provision of certain defined services or goods at a fixed price during a defined period of time (e.g. 2 or 3 years). An LTA does not constitute an obligation on the part of WHO to procure any (minimum quantity of) services or goods from the company, nor does it prevent WHO from purchasing similar services or goods from other sources.
4. LTAs are used to maintain one or more reliable sources of supply for services or goods at a competitive price, in accordance with pre-defined terms and conditions. As noted above, the price for the services or goods is fixed for the duration of the LTA. Each LTA includes the procedures for WHO to place specific orders for the services or goods at the agreed price and the terms to which such orders will be subject.
5. LTAs may be raised with a single supplier or (in order to have multiple sources of supply for the same type of services or goods) with several suppliers, and may include one or several services/ goods.
6. LTAs can increase the efficiency of procurement by decreasing bidding time and the administrative cost for frequently-purchased goods and/or services and ensuring price stability. Thus, once an LTA is awarded, and during its validity period, purchases of goods and/or services pursuant to the terms and conditions of that LTA do not, unless expressly provided, require further approval by any awarding authority.
7. When WHO issues a tender that is expected to result in an LTA, or enters into an LTA, in the spirit of UN collaboration and harmonization of procurement procedures, the following clause (enabling UN agencies to benefit from the pricing negotiated between WHO and the supplier on WHO's approval) should be included in the tender document and the LTA:
 - the supplier shall offer the same prices and terms as those agreed with WHO to other interested UN system agencies and to organizations eligible to purchase through WHO (it being understood that each agency and organization will be responsible for independently entering into and administering its own contract with the supplier); and
 - the supplier shall take into account the additional quantities of services/goods purchased by all UN system agencies and other organizations as aforesaid to further reduce the price for WHO and such other agencies and organizations.

Reference:

eManual, VI.2.3 para 60

3. Cooperation with Other UN Entities regarding Long Term Agreements

8. The Procurement Initiator may determine that cooperation with other organizations, agencies or programs of the United Nations system (hereinafter, “UN Entities”) with respect to an LTA is appropriate to meet the procurement requirements of WHO, provided any associated fees are considered reasonable for the service provided.
9. Cooperation may be considered appropriate to, inter alia, obtain volume pricing or achieve process or operational efficiencies.
10. The cooperation with UN Entities may be done in one of the following ways:
 - Joint solicitation (“Lead Agency” modality) with the goal of establishing an LTA; or
 - Use of an LTA of another UN entity (“piggy-backing”)

3.1 Joint Solicitation (“Lead Agency” modality) with the goal of establishing an LTA

11. The Procurement Initiator may elect to undertake joint procurement activities with one or more UN Entities, based on the estimated total value of a single or related series of planned procurement actions. Generally the cooperating organizations will choose one organization (the “Lead Agency”) to lead the procurement process under the procurement rules and regulations of that UN Entity. Cooperating UN Entities will jointly agree on the Solicitation Documents and evaluation criteria, and jointly evaluate the offers submitted. The Solicitation Documents should clearly specify the expected contractual format for effecting the procurement.
12. Prior to commencing a joint procurement exercise, the Procurement Initiator must consult with the relevant major office Procurement expert in HQ and the Regions, and with the responsible WR if the procurement concerns a Country Office.
13. Following the joint procurement tender, WHO will establish its own LTA or will be a co-signatory of an LTA established among all the UN agencies participating in the process. The LTA should be reviewed by the WHO Office of the Legal Counsel (LEG) and should only be signed if LEG clearance has been granted.

3.2 Using a Long-Term Agreement (LTA) of another UN entity (“piggy-backing”)

14. The Procurement Initiator may determine that an LTA established by another UN Entity may best meet its requirements.
15. In such a case, WHO will establish its own LTA in accordance with section 5.1 below. In the new LTA, it is necessary to refer to the UN entity LTA on which WHO intends to “piggy-back”.
16. The new LTA must be submitted to the relevant CRC for review and approval.
17. When the Procurement Initiator intends to “piggy-back” she/he must obtain and/or keep a copy of the following:
 - A copy of the relevant UN LTA;
 - The agreement of the supplier that WHO may use the LTA (unless this is specifically provided for in the LTA);

- The permission of the United Nations Entity in question that WHO may piggy-back on this LTA (unless this is specifically provided for in the LTA).¹

4. Duration of Long Term Agreements

18. Unless otherwise approved by the CRC, an initial LTA can be created for up to three years, which may subsequently be extended upon evaluation of the supplier's successful performance and continued competitive prices and fees. In case of piggy-backing, the LTA cannot be established for a duration longer than the duration of the original LTA.
19. Prior to any renewal, the Procurement initiator should research current market conditions and ascertain whether the fees and prices stipulated in the LTA still represent best value for money. As mentioned in the preceding paragraph, the performance evaluation of the supplier should also be taken into account. The justification for the extension must be kept in the contract administration file.
20. CRC approval is required for any extension of an LTA.

5. Creation of Long Term Agreements

5.1 Establishment of a new WHO LTA

21. When a Technical Unit experiences or foresees an ongoing/ repeated need for standard services or goods, or requires emergency supplies, it may consider establishing an LTA. This need is normally identified during the procurement planning stage of the procurement process.
22. LTAs are established following a regular procurement process. They should not be used as a means to bypass or otherwise contradict WHO procurement principles and rules. It is important to do an accurate assessment of the anticipated total value of the LTA² so as to select the proper solicitation method. Furthermore, it is advised to indicate in the solicitation documents that the goal of the tender is to establish one (or several) LTA(s) with the winning bidder(s).
23. The procurement process leading to the establishment of new LTAs must be reviewed and approved by the relevant CRC.
24. Only approved templates may be used for the drafting of LTAs. The approved templates for LTAs for services and for goods are available in the Related Content of eManual section VI.2.3. Any revisions to the standard templates require LEG clearance.
25. The above sections on duration apply to all new LTAs.

¹ The permission of the UN Entity is mandatory. Please note that any form of communication where it can be clearly established that the UN entity agrees to WHO using its LTA is acceptable, This includes email communication.

² Value of all the goods or services purchased during the duration of the LTA.

26. The country offices shall maintain a register of local LTAs (goods and services). Each respective Major Office Procurement Department shall maintain a register of their respective goods LTAs. CPC shall maintain a register of global goods LTAs.³

Reference:

eManual, VI.1.3 Procurement Process; VI.2.3 Related Content

5.2 Usage of an existing WHO LTA

27. During the planning phase of the procurement process, the Procurement Initiator should check the LTA repository to inquire whether a valid LTA covering the Technical Unit's requirements already exists.
28. If an LTA is in place, orders may be placed against it without further competitive bidding. In instances where **multiple WHO LTAs** exist, the comparison of price and delivery time, availability and previous performance evaluation should be taken into account in considering the LTA to use.
29. In case of doubt as to the existence and validity of an LTA, the major office procurement experts or CPC, depending on the nature of the LTA (regional or global), should be contacted. In case of local LTAs, the person in charge of consolidating the list of local LTAs should be contacted.
30. Amendments to the standard legal clauses of an LTA cannot be made without the clearance of LEG. eManual clauses on the amendment of contractual arrangements previously recommended by the CRC apply in case of LTA as well.

Reference:

WHO Procurement Handbook, Chapters 11 & 14

6. Ordering against an LTA

31. In order to request the supplier to provide the services or goods covered by an LTA, one of the following agreements needs to be issued and countersigned:
1. Purchase Orders (goods);
 2. APWs (Services); and
 3. Call-Off orders (services which cannot be practically contracted through APW modalities).⁴
- Following the countersignature of the appropriate agreement, the agreement must be uploaded in GSM or in the contract administration file.
32. For Purchase Orders (POs) and APWs, the Procurement Initiator must create a purchase requisition in GSM. A PO or APW is then created in GSM so as to encumber the necessary funds. The PO or APW is then validated and eventually signed by the GPL coordinator and sent to the supplier for acceptance

³ Major Offices and CPC will not maintain a list of service LTAs until 2019.

⁴ Exceptionally, when the expected quantity of the service to be provided by the supplier *cannot be precisely defined in advance*, the call off orders may be used to order against the LTA. A special LTA template catering for this situation is available in the Related Content of eManual section VI.2.3. A typical example of a use of call off order is the acquisition of custom clearance services where the procurement initiator cannot know in advance the exact scope of the service.

and countersigning. Please note that the funds must always be committed in GSM prior to signing a contract with the supplier.

33. In case of call off orders, the Procurement Initiator must complete the call off order template and send it to the supplier for acceptance and countersignature. In parallel, the Procurement Initiator must create a purchase requisition in GSM. A “Non-Grant Letter of Agreement” (NG LOA) is created to encumber funds, but the GSM output is not sent to the supplier. Please note that the funds must always be committed in GSM prior to signing a contract with the supplier. The Procurement Initiator must ensure that the countersigned call off order is stored in the contract administration file.

Reference:

eManual, VI.2.3 para 330

WHO Procurement Handbook: Chapter 11

7. Administration of LTAs

34. This section of the Guidance document is mandatory for all **global goods** LTA. However, it is recommended to apply the same process as described here also for all other LTAs.

7.1 LTA identity sheet

35. For each global LTA, an “identity sheet” needs to be created by the contract manager⁵ and kept in the contract administration file.
36. The LTA identity sheet should contain, as a minimum, the following information:
- The Supplier’s name and contact details;
 - Brief description of the goods and/or services covered under the LTA;
 - The LTA duration (start and end dates);
 - Confirmation as to whether the LTA may be relied on for purchases by other UN agencies;
 - The LTA reference number;
 - LTA focal point in the Procurement division/unit;
 - Contract manager for the LTA;
 - Periodicity of contract performance review;
 - Corresponding CRC approval reference (if applicable); and
 - Any other relevant information about the LTA.
37. A template Identify Sheet has been included in Annex 1.

7.2. LTA procurement file

38. The LTA procurement files are to be stored in In-Tend or in a shared electronic drive under the responsibility of the procuring technical unit. Procurement files must be kept for five years after the completion of the last transaction of a procurement activity (see WHO Records Retention Schedules).

⁵ The Contract Manager is responsible for the contract management. This is a responsibility which can be taken by one person or a team. In case of services, the responsible officer must identify a person (or team) who will be the Contract Manager. In case of goods, the Procurement Expert is the Contract manager.

39. Typically, procurement files will include the following relevant information/documentation, in original form and appropriately signed, when applicable:
- Correspondence with the requesting unit (notes, correspondence, communication with technical units, justification if brand name is used, etc.);
 - Technical specifications (goods) or Terms of Reference (services);
 - Tender documents (e.g. Request for Quotation, Request for Expression of Interest (if applicable), Invitation to Bid, Request for Proposals);
 - List of invited vendors;
 - Procurement Notice (e.g. publication on UNGM);
 - Correspondence with vendors (e.g. questions from bidders document, clarifications (if any) with vendors);
 - Bid Opening Record (if applicable);
 - All offers received (technical, financial, compliant and non-compliant);
 - Documented evaluation process (e.g. Technical Evaluation report, Financial Evaluation report);
 - Declaration of Conflict of Interest by Evaluation Panel members (if any);
 - Adjudication Report;
 - Submission to Contract Review Committee (if applicable);
 - Signed Contract Review Committee recommendation (if applicable);
 - Written notification of non-award to all unsuccessful bidders; and
 - Vendor debriefing (if applicable).

7.3 LTA Contract Administration file⁶

40. The Contract Administration File must include all information required to successfully administer the contract. Creation and Maintenance of the file is the responsibility of the Contract Manager. The File shall be stored in a dedicated location on the network.

41. The Contract Administration File should contain the following:

- Award and contractual documents issued;
- Record of variations or amendments to the contract;
- Record of disputes, if any;
- Progress and inspection reports, if any;
- Communications with the supplier concerning the contract;
- Contract deliverables (where possible); and
- Supplier Evaluation forms.

7.4 Document retention

42. Document retention requirements are contained in the WHO Records retention schedule.

Reference:

WHO Procurement Handbook, chapters 10 and 13

WHO retention schedule

⁶ Please note that the maintenance of a contract administration file is mandatory only for global LTAs for goods. It is however recommended that this practice be applied to all LTAs.

8. Global Goods LTA Monitoring and Supplier Evaluation

8.1 LTA Monitoring

43. LTA monitoring involves observing the:
- Life cycle of the LTA (Tendering, Renewal, Extension);
 - Performance of the supplier. i.e. whether the various requirements stipulated in the LTA are met;
 - Pertinence of the LTA in view of the market evolution.
44. LTAs may be amended to reflect mutually agreed changes to the scope of work or other agreed terms. Requests for amendments with financial implications must be approved by the relevant procurement authority or the CRC, depending of the value of the amendment. When suggested amendments deviate substantially from the original contract, a new competitive process should be conducted.
45. Throughout its lifecycle, an LTA will be monitored through the monitoring of individual Purchase Orders lead times, shipment, receipt of goods and product quality. Procurement Experts who have placed the orders are mostly in charge of this, however, input from the Procurement Initiator may also be needed.
- Typical performance indicators used for monitoring of contracts for goods are the supplier's compliance with:
- The required delivery date ;
 - The quantity ordered ;
 - Pricing and invoicing ;
 - Technical specifications and quality ; and
 - WHO terms and conditions.
46. Written records of supplier performance issues may potentially serve as evidence in the event of a dispute.

8.2 Supplier performance evaluation

47. The evaluation of the supplier's performance is defined as the process of formally assessing the supplier's fulfilment of the LTA's contractual requirements against pre-determined performance indicators (e.g. price, quality, quantity, delivery, etc.).
48. For all purchase orders above US\$200,000, a supplier evaluation form is to be completed and signed by the Procurement Expert who placed the order. The signed and scanned form must be uploaded in the Enterprise Content Management (ECM) from either the GSM Registration or the Purchase Order pages , using the document type : "*PO Related*" and recorded with the following mandatory naming convention: "*-SEF-*" in the Comments box. The Procurement Expert must complete and upload the form in ECM in a timely manner, i.e. at the latest 1 month after arrival of the goods at the port of entry.

49. Every calendar year, the CPC contract manager⁷ will consolidate the supplier evaluation forms and, where required consult with the relevant Procurement experts so as to complete a final evaluation form evaluated LTA supplier in a calendar year and perform the evaluation. The completed supplier performance evaluation must be stored in the contract administration file.
50. In addition to the indicators mentioned in paragraph 45, the following elements are to be considered in the evaluation of the performance of the LTA supplier:
- Any supplier evaluation forms that have been uploaded in ECM for this supplier in the relevant contract review period;
 - Timely response to WHO requests;
 - Measuring performance against service level agreements (SLA's) if applicable.
51. A global LTA for goods can only be extended if the supplier performance evaluation was conducted and found satisfactory.
52. It is recommended to conduct a supplier performance evaluation for all other LTAs at least once each calendar year.

Reference:

eManual, VI.1.3 – related content

Procedure monitoring and evaluation of contract performance, version 1.0

9. Sharing of LTA information

53. UN Entities are encouraged to publish general information about their LTAs on the UN Global Market Place (UNGM) website (<https://www.ungm.org/UNUser/LongTermAgreement>). For those LTAs that can be of use to other UN entities, the respective LTA information can be made available by means of the LTA Information Summary Form as endorsed by the HLCM Procurement Network. The completed LTA Information Summary Form can only be uploaded by the concerned Major Office Procurement Officer. CPC should be consulted for any questions.

References:

WHO Procurement Handbook, Chapters 11 & 14

LTA Information Summary Sheet

Annex 1 – Long Term Agreement Information Summary Sheet

⁷ CPC performs the contract management of all Global Goods LTA.

Long Term Agreement Identity Sheet

Section I: General Information					
1	Purpose of LTA	<input type="checkbox"/> Goods		<input type="checkbox"/> Services	
		Enter Brief Description of the LTA			
2	Reference	Enter LTA Reference Number			
2	LTA Duration	From:	Select an LTA Start Date	To:	Select an LTA Expiration Date
4	Contract Manager	Name:	First Name & Last Name		
		Title:	Title		
		Telephone:	Telephone with Country Code		
		E-mail:	Email Address		
Section II: Vendor Information					
5	Vendor name and UNGM Registration Number:	Enter Vendor Name and UNGM Registration Number			
6	Vendor Address and Website:	Enter Vendor Address			
7	Vendor Contact:	Name:	First Name & Last Name		
		Title:	Title		
		Telephone:	Telephone with Country Code		
		E-mail:	Email Address		
8	Country of Origin	Enter Vendor's Country of Origin			
Section III: Selection Process Information					
9	Bidding Process	<input type="checkbox"/> Competitive Process		<input type="checkbox"/> Direct Contracting	
10	Type of Competition	<input type="checkbox"/> Open International Competition <input type="checkbox"/> Limited International Competition based on prequalification <input type="checkbox"/> Open Competition within Enter Country/Region <input type="checkbox"/> N/A for Direct Contracting			
Section IV: LTA Information Terms and Conditions					
11	Type of LTA	<input type="checkbox"/> Global LTA <input type="checkbox"/> Regional LTA – Enter Region name <input type="checkbox"/> Local LTA – Enter Country name			
12	Configuration of LTA	<input type="checkbox"/> Single Vendor LTA <input type="checkbox"/> Multiple Vendor LTA			

13	If Multiple Vendor LTA, please list other LTA Vendors and attach similar sheets applicable to those vendors	1. Enter Vendor Name 2. Enter Vendor Name 3. Enter Vendor Name
14	Is LTA scope sensitive to volume discounts	<input type="checkbox"/> Yes <input type="checkbox"/> No
15	LTA have provision for volume discounts	<input type="checkbox"/> No volume discount provision <input type="checkbox"/> Volume Discount applies only within single order/call-off <input type="checkbox"/> Volume Discount applies across orders during the life of LTA. <i>Please briefly describe how the volume discount operates.</i> Enter Volume Discount mechanism
16	LTA usage Limitations or Special Conditions	Enter any Limitations or Special Conditions in the LTA, if any
17	Attachments	<input type="checkbox"/> Signed copy of LTA with all Annexes and Amendments <input type="checkbox"/> Guidance Note for the use of the LTA, if available <input type="checkbox"/> Enter Other Document Name
Title:	Enter Title	
Name:	Enter Name	
Signature:	_____	
Date:	Select a date	

Note: This form should be signed by the Contract Manager