

Guide on Establishment of Long Term Agreements

Definition:

Section 12.0 of IN 168(rev2) defines Long Term Agreement as “... a contract between IOM and one or several vendors/suppliers for the purpose of laying down essential terms governing a series of specific contracts to be awarded during a given period, outlining the duration, subject, prices, conditions of performance and the qualities envisaged.”

When to use LTA:

A LTA is ideal for procurement of goods or services where the requirements for which, are repetitive and predictable in nature. (e.g. office supplies, telecommunication equipment and services, staff security equipment, general services like transportation etc.) and/or required under time constraints (especially in emergency operations) The requirement can be anticipated and estimated, but the exact delivery terms (e.g. lead time, location, and quantities) may not be readily determined until after the actual happening of an event (e.g. an emergency, actual IDPs turnout and the like, IOM staff surge). LTAs can also be used when quantities can be aggregated to take advantage of economies of scale especially in missions that are procuring common/ typical products.

Why use a LTA:

1. To be assured of product or service availability wherever and whenever it is needed
2. To shorten the procurement process with already pre-identified suppliers(s)
3. To standardize the product or services needed
4. To procure large volumes and achieve better prices.

Factors to Consider:

A. Demand Analysis – Understand the frequency of needs/requirements and consider if demand possibilities can be combined across the country or regional offices and determine if there might be considerable or recurrent demands?

B. Market Analysis – Understand how the market operates in any specific situation, verify supply and demand characteristics within the country or region, specifically in assessing market pricing, fluctuation tendencies and technological changes that can significantly reduce pricing

C. Proper Procurement Planning– LTAs require a careful analysis and understanding of the Specifications/ Terms of Reference/Statement of Works, which defines the requirements and the formulation of suitable contractual terms and conditions

c.1 TERMS – should be non-binding and non-exclusive (on IOM side) for greater flexibility.

c.2 DURATION - Initial duration for a certain period, with the possibility of an extension for an additional period based on documented vendor/supplier performance.

c.3 DELIVERY – FCA (or other agreed latest updated Incoterms, for goods) Port of Export and /or willing to supply on other terms of delivery and for services delivery location(s) should be agreed in the LTA

c.4 TYPE and CONFIGURATION OF LTA - Determine whether needs are best served by:

- a) in-country use,
- b) regional use or

- c) global use (***TYPE OF LTA***) and
- d) single or multiple vendors (***configuration of LTA***)

c.5 Procurement Process – Determine whether the procurement process should be based on an RFQ, RFP or ITB, formulate appropriate evaluation criteria etc.;

c.6 Creation of bidding documents for LTA - should include minimum qualifications that companies should have such as Financial Capacity of the Company Years in business, ideally from 4 years and above, capacity to serve IOM missions locally and internationally, Previous experience with UN agencies or International NGOs, at least for 3 years and above, Quality Certificates for their products and services, Detailed information on their products or services. For the formal process please refer to the standard bidding documents and Vendor Information Sheet.

c.7. Quality Standards – Determine and specify the required quality standards for goods and services, including warranty needs, installation and/or training services to be provided by the Vendor;

c.8 Trigger Mechanism – Purchase Order Issuance based on the LTA which will authorize the vendor to commence the delivery;

c.9. Vendor Performance Monitoring – Adequate provisions for vendor performance monitoring of established KPIs over the life of the LTA including feedback from all users of the LTA; and

c.10. Coordination by and between the Program Manager, the RMO, the COM, Procurement staff and LEG

c.11. Contract negotiation – Consult LEG intranet site for the latest appropriate template (D.2 Framework Supply Agreement) and coordinate with LEGContracts@iom.int the review or assignment of checklist code. LEG may also be able to assist you in negotiations with the Supplier.

D. Risk Assessment – Mission must identify and address the risks associated with the LTA such as:

1. Vendor eligibility and proven record
2. Market-Price, production outlook (price fluctuations)
3. Contract negotiation, compliance and monitoring

PROCESS	STAFF	DESCRIPTION
	Project, Operations, RMO, COM	<ul style="list-style-type: none"> Identify goods/services possible for LTA
	Project, Operations, RMO, COM, Procurement	<ul style="list-style-type: none"> Define and describe what are repeatedly needed and will be procured and list these in specifications for goods and equipment, terms of reference (TOR) for services, or statement of works (SOW) for works. Identify exact locations or geographical distributions
	Procurement, Program (Consult), RMO	<ul style="list-style-type: none"> Analyze how the market operates in a specific setting/industry/area/country/region. and if the local or international procurement is more beneficial
	Procurement	<ul style="list-style-type: none"> Refer to IOM registered vendors in-country/region/global and/or identify other vendors/manufacturers that can best serve the requirements. There must be clear indication that result of procurement will result to LTA(s) and the right of IOM to enter into LTAs with more than one vendor and the right to split the award of contracts among the LTA holders if it is in IOM best interest.
	BEAC, Program Manager, RMO, COM, Procurement as secretariat	<ul style="list-style-type: none"> Request for Quotation (RFQ for Goods) 3,000 to 300,000 USD Request for Proposal (RFP for Services) Invitation to Bid (ITB) for 300,000 USD and over Evaluation Technical/Quality, Commercial/Financial
	Procurement, RMO, COM	<ul style="list-style-type: none"> Submit all relevant documents for GPSU and MAC director approval (BAS,RFQ, ITB, Quotations/Proposals) LEG Approval (for contracts) following submission of all relevant documents
	Procurement, RMO, COM	<ul style="list-style-type: none"> Refer to Annex 20.8 Type and Configuration of LTA Issuance of Notice of Award (NOA) to successful bidder Issuance of Thank You Notice to the unsuccessful bidder
	Procurement	<ul style="list-style-type: none"> Check freight and other additional charges like duty tax, export / import licenses, insurance, brokerage fee prior to PO creation The Purchase Order will trigger or will authorize to commence the LTA
	Procurement, Program Manager, RMO	<ul style="list-style-type: none"> Monitor validity of the contract Review price, terms and condition regularly (coordinate Amendments with LEGContracts@iom.int)
	Procurement, Program Manager and relevant technical expert	<ul style="list-style-type: none"> Quality inspections to be done at supplier premises by IOM and/or contracted third-party inspection companies. The supplier can be requested to provide Lot testing/ISO certificates from reputable laboratories/inspection companies.
	Procurement, Program Manager	<ul style="list-style-type: none"> Evaluate and monitor supplier performance against their contractual obligations. Vendor's performance review standards (measurement indicators) should be clearly communicated. LTA end users are encouraged to provide feedback.

Review Requirements:

All types of LTA entered into shall be reviewed by GPSU in terms of adherence to the procurement principles, prior to the actual award of the contract/agreement. Unlike a regular procurement compliance review, the LTA review is required once the vendor has been identified for LTA.

The following documents will be required for submission for the review:

1. The BAS - which may contain the award in unit prices or in total estimated amount where applicable
2. The BEAC Resolution where applicable
3. The Advertisement (newspaper and/or website where applicable)
4. The Evaluation criteria and result
5. The Bid Documents/RFQ/RFP and the vendor proposals
6. The Declaration of non-Conflict of Interest

Note: Once the LTA selection process has been reviewed by GPSU and approved by MAC Director, LTA award can be made to the selected vendor. Thereafter, every use of the LTA reaching the threshold for GPSU review must be submitted to GPSU prior to raising the Purchase Order, together with the following documents:

1. BAS with Sole Sourcing – citing the LTA as a basis
2. Duly filled-out and signed PRF with 5th level WBS for a funding source