

Before the bid: price the whole commitment

Episode 1 of 4 | Public companion | 10 October 2026

A practical introduction for procurement, operations, quality, logistics and finance teams. This guide explains the questions to ask. It does not provide a client-specific pricing model or a legal interpretation of a particular contract.

The central question

How long must your price work, and what must it pay for? Link the statement of work to quantities, resources, timing and evidence before applying a market index.

Our illustrative 3+1+1 scenario

Three initial years, followed by two optional one-year extensions. Prices are fixed for the first three years in this example; a first review may be permitted in year four. Neither extension nor an increase is guaranteed. These assumptions must not be presented as universal UN contract rules.

The lead-in matters

An assumed one-year preparation, evaluation, award and mobilisation period can make initial assumptions almost four years old by the end of the fixed-price term. Date every milestone and check whether mobilisation is inside or outside that term. Do not count it twice.

Follow the obligations and the delivery chain

1. Requirements

Record the applicable statement of work, specifications, commercial terms, amendments, service locations and delivery calendar. Match each obligation to a cost owner and supporting evidence.

2. Cost categories

Consider inputs, personnel, equipment, facilities, testing, quality records, working capital, insurance, currency exposure, applicable taxes, guarantees, mobilisation and demobilisation where required.

3. Transport

Trace collection, export handling, terminal costs, main transport, destination clearance, inland delivery, storage and final receipt. Match equipment and temperature requirements. Check inclusions so a cost is not added twice.

4. Comparison basis

Align product or service specification, quantities, currency, unit, delivery point, payment terms, validity and responsibilities. A lower quotation is not necessarily a lower cost for the same deliverable.

Use evidence; keep judgement visible

Indices are signals

A food basket describes a market movement; it is not a supplier quotation. Match the commodity, grade, market, currency, period and unit. Freight needs lane and equipment comparability. Insurance needs an actual quote for the risk and cover.

Seasonal purchasing

Harvest-linked procurement and early capacity bookings may help. Consider cash, shelf life, storage, insurance, losses, supplier reliability and actual customer demand. Ramadan-related planning must reflect the relevant population and calendar, not a blanket assumption.

Scenario review

Test base, cost-pressure and disruption assumptions. Identify the owner, review trigger and feasible mitigation for each material risk. Do not fund an unviable initial term with hoped-for extension revenue.

Discussion question

Which assumption in your proposal becomes unreliable first if the award is delayed? Share the general issue, not confidential supplier prices or contract documents.

Sources and next lessons

Public references

FAO Food Price Index: <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

FAO Fish Price Index background: <https://www.fao.org/in-action/globefish/news-events/news/news-detail/the-fao-fish-price-index--identifying-trends-on-the-world-markets/en>

BLS PPI Guide for Price Adjustment:

<https://www.bls.gov/ppi/publications/price-adjustment-guide-for-contracting-parties.htm>

UN public rations information: <https://www.un.org/procurement/rations>

How to read the sources

The FAO and BLS references explain index methodology. They do not establish this scenario's contract duration, adjustment rights or supplier prices. Contract-specific terms must be obtained from the actual procurement documents. Reference review: 10 October 2026.

Four-part sequence

1. Before the bid: price the whole commitment.
2. Choosing the right market benchmark.
3. Why actual costs differ from the proposal.
4. Negotiating price changes with evidence.

Intended cadence: weekly publication, subject to confirmed completion and platform status.

Independent guidance

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