

Operational Instruction Ref. OI.IPS.2020.01**Acceptance of Engagement Agreements****1. Authority**

- 1.1. This Operational Instruction (OI) is promulgated by the Director of Implementation Practices and Standards under OD.EO.2017.02: *Management of UNOPS Partners and Resulting Agreements*, on the basis of a delegation of authority from the Executive Director.

2. Purpose

- 2.1. The purpose of this OI is to provide the framework for developing, assessing and accepting Engagement Agreements, otherwise referred to as project agreements in EOD.ED.2017.04 on *Financial Regulations and Rules*. This OI establishes the mandatory instructions, procedures, and processes for developing engagements, thereby supporting relevant UNOPS personnel in fulfilling their roles and responsibilities.

3. Effective Date

- 3.1. This OI shall become effective **immediately**.

4. Consequential Changes

- 4.1. This OI shall abolish and supersede OI.IPS.2019.02: *Acceptance of Engagement Agreements*. The purpose of this revision is to update this OI in accordance with the *Project Management Manual*, to relocate the *Acceptance of Engagement Agreements: Delegation of Authority Master Table* from Annex 1 of this OI to the Delegation of Authority intranet page, and to relocate the list of high risks from Annex 3 of this OI to the Engagement Acceptance Committee intranet page.

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1. Introduction

- 1.1. When pursuing opportunities and entering into Engagement Agreements, UNOPS personnel shall refer to and comply with this OI, as well as other relevant UNOPS legislative instruments including but not limited to, the Executive Office Directive (EOD) on *Financial Regulations and Rules*, the Operational Directive (OD) on *Risk Management*, and the OI on *Due Diligence*.
- 1.2. Authorities for approving Engagement Agreements are defined as part of this OI, in line with the Executive Office Instruction (EOI) on UNOPS *Delegation of Authority (DOA) and Accountability Framework*. Please see the Delegation of Authority intranet page for the *Acceptance of Engagement Agreements: DOA Master Tables*.
- 1.3. Under the OD on the *Management of UNOPS Partners and Resulting Agreements*, an Engagement Agreement is where UNOPS enters into a legal agreement whereby the Funding Source will provide funds to UNOPS to deliver specific services, including grant support, to or on behalf of the Client through a project, multiple projects, or a programme.
- 1.4. For the purpose of this OI, the term ‘Engagement Agreement’ is synonymous with ‘Legal Agreement’. A list of definitions of terms is available in Annex 2.

2. General principles

- 2.1. Engagement Agreements shall only be entered into in accordance with the following principles:
 - i. All engagements shall comply with UN values, principles and goals, as well as UNOPS mission, vision and Strategic plan;
 - ii. All engagements shall comply with UNOPS financial policies and full cost recovery shall be a requirement;
 - iii. UNOPS shall engage in the provision of services that align with its mandate and strategy, where it can add value, and in response to requests or with the endorsement of its clients and beneficiaries; and
 - iv. UNOPS shall accept engagements based on a diligent, coherent assessment of risks and well-defined expectations, and plan and implement appropriate measures as a means of upholding UNOPS commitment to quality.

3. Engagement development process

- 3.1. As set out in the OI on *Project Management*, engagement development comprises three stages:
 - i. **Opportunity Stage:** This stage is defined by the identification and monitoring of possible engagements, through early initial discussions with partners (the Funding Source and/or the Client). Offices shall maintain an overview of ongoing opportunities in oneUNOPS to facilitate effective follow-up.

During this stage, the Proposal shall be developed and a risk assessment shall be completed prior to entering into in-depth discussion with partners. Consultation with technical experts, including Contributors and Reviewers, should take place in order to increase the reliability of the assessment.

An approval or rejection is required by the Engagement Authority at this stage to ensure that the opportunities UNOPS pursues are in line with its strategy and its risk appetite statement, as established under the OD on *Risk Management*. When rejected, the opportunity shall be cancelled in oneUNOPS.

- ii. Pre-engagement Stage:** This stage is defined by the formulation and negotiation of a potential engagement and its related project(s). This stage is where opportunities are further refined through more substantial discussions regarding the services and role(s) expected of UNOPS by partners, as well as where the expected outputs and contribution to outcomes are defined.

During the Pre-engagement Stage, the draft Legal Agreement(s) and draft Project Initiation Document (PID), if applicable, are prepared.

An approval or rejection is required by the Engagement Authority at this stage to ensure that engagements are sufficiently defined, expectations are clarified, and the risk profile is deemed acceptable in order to proceed to the Initiation Stage.

- iii. Initiation Stage:** This is the last stage of the engagement development process, where a feasible engagement is formalized and the primary resources for the Implementation Stage are mobilized. The Initiation Stage is divided into two parts, engagement formalization and project initiation.

During engagement formalization, the scope is well-defined and reflected in the PID, and the Legal Agreement(s), the Implementation Plan (draft), the engagement budget and pricing are agreed.

The Engagement Authority shall approve or reject the engagement in oneUNOPS and, if approved, the Legal Agreement(s) shall be signed.

During project initiation, following the approval of the engagement and the signing of the Legal Agreement(s), the Project Manager and Project Board members (if applicable) shall be assigned and the project budget shall be completed.

An approval or rejection is required by the Engagement Authority to ensure all initiation activities have been completed in order to proceed to the Implementation Stage.

- 3.2. The mandatory requirements for each stage are outlined in the OI on *Project Management*, and the *Project Management Manual (PMM), Part II: Requirements*. Further guidance is provided in the *PMM, Part I: Guidelines* and the Process and Quality Management System (PQMS).

4. Engagement Acceptance Risk Assessment

- 4.1. All new engagements shall undergo risk assessment. Risk assessments shall be conducted to identify any risks during the Opportunity, Pre-engagement and Initiation Stages. Any high risks must be identified in the Engagement Acceptance Committee (EAC) Checklist in oneUNOPS Projects during the Opportunity Stage, and updated during the Pre-engagement and Initiation Stages. All identified risks, not only high risks, including an evaluation of the risk and a risk response, shall be included in the risk register in oneUNOPS Projects.
- 4.2. Risk management shall be an inclusive effort in UNOPS; therefore, project teams, technical experts, partners and relevant stakeholders should be involved as early as possible and kept regularly informed in order to contribute to a comprehensive engagement development process.
- 4.3. When high-risk engagements (see Annex 3) that have potential organizational wide consequences are identified during the engagement development, **the Engagement Authority shall be accountable to escalate the matter to the EAC** (see section 7). These high risks are defined by the relevant Senior Leadership Team member, and approved by the broader Senior Leadership Team, in accordance with criteria based on the Balanced Score Card as follows:
 - i. Partners and Stakeholders
 - ii. Finance
 - iii. People
 - iv. Process/operations
- 4.4. All engagements are subject to mandatory reviews by the Integrated Practice Advice and Support (IPAS) Legal and IPAS Finance. All engagements with Category 3 outputs shall be subject to a mandatory review by IPAS Project Management and Infrastructure (PMI). Where such review considers that the risk management approaches defined within the risk register are not adequate to reduce any high risk to either a medium or low-level categorization, these risks shall be escalated to the EAC.

5. Pre-selection

- 5.1. Pre-selection takes place where a Funding Source has, in compliance with its own applicable rules, regulations and procedures, selected a contractor (including in services, works, goods or an individual contractor) or an implementing partner for a particular activity, or set of activities, within the framework of an engagement, and has requested UNOPS to engage or employ the contractor or implementing partner, in accordance with Rule 118.02 (e) of the EOD on the *Financial Rules and Regulations*, which states:

“Pre-selection. Pursuant to the project agreement and subject to review by a contracts and property committee(s), where necessary in accordance with these Financial Regulations and Rules, the Executive Chief Procurement Officer may authorize the issuance of contracts in reliance on the prior

selection of a contractor or implementing partner by the funding source.”

- 5.2. The following pre-selection principles shall apply prior to the acceptance of a request by a Funding Source to engage or employ a contractor or implementing partner:
- i. **Compliance:** The Funding Source shall confirm that, in selecting the contractor or implementing partner, it has complied with its own regulations, rules and procedures.
 - ii. **Non-liability:** The Funding Source shall agree that, because the selection of the contractor or implementing partner is outside the control of UNOPS, UNOPS carries no liability for the performance of the contractor or implementing partner.
 - iii. **Eligibility:** Pre-selection shall only be accepted where it has been requested by the following Funding Source categories:
 - a. Entities of the United Nations common system;
 - b. International Financial Institutions, including the Bretton Woods Institutions and regional and bilateral development banks;
 - c. Reputable intergovernmental organizations; or
 - d. Governments with a Corruption Perception Index (CPI) score of 50 or more as measured by Transparency International for the current year (or the previous year, where the current year ranking is unavailable).
- 5.3. Pre-selection may be accepted where it follows at least one of the following methodologies:
- i. **Explicit pre-selection:** Whereby the Engagement Agreement specifies the contractor(s) or implementing partner(s) pre-selected by the Funding Source. This may also take place through an amendment to the Engagement Agreement. This method is the preferred method for pre-selection.
 - ii. **Pre-selection during implementation:** Whereby an official letter is submitted to UNOPS by the Funding Source during the Implementation Stage of the engagement. In addition to meeting the principles enumerated in section 5.2 of this OI, the following requirements apply:
 - a. The letter shall be signed by an official of the same level as the official who signed the Engagement Agreement; or
 - b. A lower-level official with the delegated authority to act in procurement matters on behalf of the Funding Source may sign the letter only where an official of the same level as the official who signed the Engagement Agreement has confirmed to UNOPS in writing that the individual is accorded the authority.
 - iii. **Mixed pre-selection:** the Funding Source and UNOPS may specify in the Engagement Agreement that pre-selection of contractor(s) or implementing partner(s) will be done during the Implementation Stage of the engagement, in accordance with the criteria

established in the Engagement Agreement. The Engagement Agreement shall specify the official(s) who are authorized to notify UNOPS of the selection. If the Engagement Agreement is silent on this matter, section 5.3.ii. of this OI shall apply.

- 5.4. The authority to accept pre-selection resides with the Engagement Authority, as set out in the *Acceptance of Engagement Agreements: DOA Master Table* (see Annex 1).

6. Amendments

- 6.1. An amendment shall be requested when there is a change to the Engagement Agreement, in line with the process set out in the *PMM: Requirements*.
- 6.2. When an engagement is proposed to be amended, the change control procedures in the *PMM: Requirements* require a re-evaluation of the risks and the amendment requires approval by the individual with the appropriate DOA.

7. Engagement Acceptance Committee (EAC)

- 7.1. The Executive Director has established the EAC, which shall be responsible for the evaluation of engagements with high-risk profiles that may have potential organization-wide consequences to determine whether or not to continue developing or finalizing an engagement. The [Terms of Reference for the EAC](#) are available via the [EAC intranet page](#).
- 7.2. The Executive Director may choose to delegate the responsibility for some stages of decision-making in cases that may result in the improved efficiency and effectiveness of the process, in accordance with the EOI on the *Delegation of Authority and Accountability Framework*.
- 7.3. The Executive Director shall designate the Secretariat for the EAC.
- 7.4. Reviews shall be sought from Reviewers at the Director and/or Advisor level and/or technical experts, as applicable for presentation to the Chair of the EAC, or the delegated authority, for their consideration in the decision-making process.

8. Roles and responsibilities

- 8.1. The roles and responsibilities are herein defined as per the *PMM* and in line with the *Acceptance of Engagement Agreements: DOA Master Table* (see Annex 1) for each stage:

i. Engagement development

- a. The Business Developer, typically partnerships personnel, is responsible to explore opportunities and develop engagements. The Business Developer acts on behalf of the Project Executive on a day-to-day basis during the Opportunity, Pre-engagement, and Initiation Stages to formalize the engagement and plan for the Implementation Stage of its related projects.

- b. Contributors shall support the Business Developer with technical expertise and contextual knowledge and experience. Contributors are typically existing team members within the organizational unit structure.
- c. The Project Executive, appointed by the Engagement Authority, is typically the designated senior manager in an organizational unit, such as the Head of Programme, but may also be other senior personnel. The Project Executive acts on behalf of the Engagement Authority to provide direction and is accountable for the development, planning and initiation of the engagement. The Project Executive is accountable for effective risk assessment of new engagements. The Project Executive ensures that the appropriate Contributors (i.e., team members, stakeholders, other technical experts) and Reviewers support the development process.
- d. The Shared Service Centre (SSC) is responsible to support engagement development with expert technical advice as Reviewers.

ii. Opportunity Stage and Pre-engagement Stage approval

The Engagement Authority, typically Country and/or Multi Country Directors, or other relevant DOA holders, has the responsibility for new engagements within their respective geographical scope, and may approve the Opportunity and Pre-engagement Stages in accordance with their DOA. The Engagement Authority has the accountability to ensure that pursuing opportunities and entering into Engagement Agreements fully complies with the requirements of this OI and the UNOPS Legislative Framework. The Project Executive has the responsibility to ensure that potential high-risk engagements are escalated to the EAC as required.

iii. Initiation Stage approval

The Engagement Authority, typically Regional Directors or other relevant DOA holders, has the responsibility for new engagements within the region, and may accept new engagements and approve the Initiation Stage, in accordance with their DOA. The Engagement Authority has the overall responsibility for the approval of the engagement in line with the requirements of this OI and UNOPS Legislative Framework. The Project Executive has the responsibility to ensure that potential high-risk engagements are escalated to the EAC as required. As per the *PMM: Requirements*, there are two different Engagement Authority approvals during Initiation, one for engagement acceptance and one for Initiation Stage Approval.

iv. High-risk engagement approval

The Executive Director is ultimately accountable for all engagements entered into by UNOPS and, specifically, reviews high-risk engagements as the Chair of the EAC. The Executive Director may delegate this authority to other UNOPS personnel in line with the EOI on the *Delegation of Authority and Accountability Framework*.

v. Policy framework, systems and oversight

IPMG is responsible for establishing and overseeing instructions, procedures and processes for engagement development and acceptance in accordance with the UNOPS Legislative Framework. IPMG is further responsible to ensure that the requirements set out in this OI are built into UNOPS systems and that appropriate learning and guidance material is developed and accessible to relevant UNOPS personnel.

9. Authoritative interpretation

- 9.1. The authoritative interpretation of this OI shall be made by the Director of Implementation Practices and Standards (IPS), or other personnel as authorized by the Director of IPS, in order to provide clarification on the applicability or interpretation of the requirements stated herein.

Annex 1: Acceptance of Engagement Agreements: Delegation of Authority Master Tables

The [Acceptance of Engagement Agreements: Delegation of Authority Master Tables](#) are located on the [Delegation of Authority intranet page](#).

Annex 2: List of definitions

Amendment

An amendment occurs when there is a need to modify the terms and conditions of the engagement agreement in accordance with a change in the scope, time, cost, quality, or Funding Source.

Business Developer

The Business Developer acts on behalf of the Project Executive, managing an engagement and its related projects on a day-to-day basis during the Opportunity, Pre-engagement and Initiation Stages. The main responsibilities of the Business Developer are to develop a possible project into a potential project, a potential project into a feasible project and to formalize an engagement.

Client

The Client is any entity to which, or on whose behalf, UNOPS is authorized to provide goods, render services and/or other types of support, as may from time to time be established by the Executive Board. The Client is the entity that formally receives project outputs, but does not necessarily use those outputs.

Contributor

Contributors provide support in the development of an engagement. The contributor can be anyone with the requisite skills, including technical expertise.

Delegation of authority (DOA)

A delegation of authority is the written statement of conditions, procedures, and terms that a delegate must follow in executing a delegated task.

Engagement Acceptance Committee (EAC)

The EAC is the body responsible for the evaluation of engagements with high-risk profiles that may have potential organization-wide consequences, and determines whether or not to continue developing or finalizing the engagement. The Financial Regulations and Rules refer to the EAC as the ‘Project Acceptance Committee’.

Engagement Agreement

An Engagement Agreement is where UNOPS enters into a legal agreement, whereby the Funding Source provides funds to UNOPS to deliver specific services, including grant support, to or on behalf of the Client through a project, multiple projects, or a programme.

Engagement Authority

The Engagement Authority is the role within UNOPS that has received a delegation of authority from the Executive Director to accept engagements. The Engagement Authority owns the UNOPS internal business case, risks and ethics, and is held accountable for the realization of results.

Engagement Acceptance Risk Assessment

The risk assessment during the development of engagements shall identify any risks during Opportunity, Pre-engagement and Initiation Stages. Any high risks must be identified in the EAC Checklist in oneUNOPS Projects during the Opportunity Stage and updated during the Pre-engagement and Initiation Stages. All risks, including an evaluation of the risk and a risk response, shall be included in the risk register in oneUNOPS Projects.

Funding Source

The Funding Source is the entity that provides funds required for the engagement and its related project(s). The Funding Source is either (i) the Client that provides funds to UNOPS pursuant to an engagement agreement between UNOPS and that Client, or (ii) where the Funding Source is not the Client, the entity that provides funds to UNOPS with the written concurrence of the Client pursuant to a signed Engagement Agreement between UNOPS and the Funding Source.

Head of Programme (HoP)

The HoP is responsible for programme development, planning, governance, management of resources and for implementing and monitoring for UNOPS Country and Multi Country Offices. The HoP supports the Business Developer throughout the engagement development process.

Partners

A partner may be the Funding Source for a UNOPS project or activity, a recipient of UNOPS project/activity assistance, or an entity that collaborates with UNOPS towards future or ongoing activities/projects.

Programme

A programme is a temporary organization created to deliver multiple related projects and to manage their outputs, outcomes and impacts.

Project

A project is a temporary organization that creates one or more outputs.

Project Executive

The Project Executive is responsible for directing the project on behalf of the Engagement Authority. Only UNOPS personnel can perform this role. As the role requires substantial authority, it is typically the Country Director or Manager, the HoP, or other sufficiently experienced senior personnel who performs this role.

Review

A review is a formal assessment of the engagement, prior to acceptance, by a relevant technical expert, i.e. the Reviewer. The review is intended to support the Engagement Authority to decide whether or not to accept an engagement.

Reviewer

Reviewers are technical experts, typically personnel from a UNOPS functional entity, who provide comments and feedback during Opportunity, Pre-engagement and Initiation Stages to the Business Developer and the Engagement Authority. The Reviewers inform of any risks concerning the engagement, especially high risks, before an engagement is accepted. The Reviewer must be UNOPS personnel with relevant experience, for example, in finance, human resources, legal, procurement, administration, infrastructure or project management.

Technical Expert

A technical expert is an individual who possesses a significant level of knowledge and experience in a particular subject matter area in order to provide informed and accurate advice to a project team.

Annex 3: List of high risks

The [Acceptance of Engagement Agreements: List of high risks](#) is located on the [Engagement Acceptance Committee intranet page](#).