Operational Instruction Ref. OI.IPMG.2025.01 Acceptance of Engagement Agreements

This OD will become effective on the 07th of May; until then, refer to OI.IPS.2020.01 Acceptance of Engagement Agreements.

1. **Authority:**

1.1 This Operational Instruction (OI) is promulgated by the Director of Infrastructure and Project Management Group (IPMG) under the Operational Directive (OD) on the 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 the UNOPS 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 on 7 May 2025.

4. **Consequential changes:**

4.1 This OI shall abolish and supersede OI.IPS.2020.01: Acceptance of Engagement Agreements. The purpose of this revision is to reflect the relevant changes related to the new UNOPS Portfolio Oversight Committee (POC), the consolidation of the Integrated Practice Advice and Support unit into Policy Groups and the internal restructure of IPMG.

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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 UNOPS 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. Refer to the Acceptance of Engagement Agreements: DOA Master Tables for more detail (see Annex 1).

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 (see 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 the relevant internal UNOPS system 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 from 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 the relevant internal UNOPS system.

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 contributions to outcomes are defined.

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

An approval or rejection is required from 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 the relevant internal UNOPS system 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 from 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.

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 (see Annex 3) must be identified in the relevant internal UNOPS system.

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

to contribute to a comprehensive engagement development process. Refer to the OI on Risk Management for more details on operational risk management.

4.3. All engagements are subject to mandatory reviews during the engagement development process by IPMG, the Legal Group and the Finance Group.

4.4. When a High-Stake Engagement has been identified during the engagement development, the Engagement Authority and/or the Policy Group shall bring it to the attention of the POC Secretariat as set out in the terms of reference (TOR) for the POC. High-Stake Engagements are defined in the TOR for the POC.

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 UNOPS Financial Rule 118.02(e), 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 or authorized personnel 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.

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. Portfolio Oversight Committee (POC)

7.1 The Executive Director has established the POC to ensure High-Stake Engagements are managed at the right level and in a way that protects the Organization, while maximizing UNOPS impact. Refer to the Portfolio Oversight Committee: Terms of Reference for more details.

8. Roles and responsibilities

8.1. The roles and responsibilities set out in this section are further defined in the PMM and in 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 for exploring opportunities and developing 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 Engagement Authority, someone who is typically responsible for one or more portfolios of projects and/or programmes within a geographical entity, is responsible for approving the engagement formalization within their level of DOA.

e. UNOPS Policy Groups are responsible for supporting engagement development with expert technical advice as Reviewers.

ii. Opportunity Stage and Pre-engagement Stage approval

The Engagement Authority 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.

iii. Initiation Stage approval

The Engagement Authority 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. As per the PMM: Requirements, there are two different Engagement Authority approvals during Initiation, one for engagement acceptance and one for Initiation Stage Approval.

The Executive Director is ultimately accountable for all engagements entered into by UNOPS. The Executive Director may delegate this authority to other UNOPS personnel in line with the EOI on the Delegation of Authority and Accountability Framework.

iv. 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. Exceptions

9.1 Requests for exceptions to mandatory requirements shall be submitted to IPMG via the 'Request for exception to project management and infrastructure policy' portal for approval.

10. Authoritative interpretation

10.1. The authoritative interpretation of this OI shall be made by the Director of IPMG, or other personnel as authorized by the Director of IPMG, in order to provide clarification on the applicability or interpretation of the requirements stated herein.

Annex

- OI.IPMG.2025.01 Aceptación de acuerdos de compromiso (Engagement Agreements)
- Annex I Acceptance of Engagement Agreements: Delegation of Authority Master Tables
- Annex II List of Definitions
- Annex III List of high risks