

**Operational Instruction Ref. OI.IPMG.2025.03
Contracts for Works**

1. Authority:

1.1. This Operational Instruction (OI) is promulgated by the Director of the 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 instructions regarding the use of the UNOPS suite of Contracts for Works when implementing Works for, or on behalf of, UNOPS.

3. Effective Date:

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

4. Consequential changes:

4.1. This OI shall abolish and supersede OI.IPMG.2024.01: Contracts for Works. The purpose of this revision is to reflect the relevant changes related to 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. In 2010, the General Assembly reaffirmed the role of UNOPS as a central resource for the United Nations system in procurement and contracts management, as well as in civil works and physical infrastructure development, including the related capacity development activities¹.

1.2. The implementation of Works for, or on behalf of, UNOPS shall be done in accordance with UNOPS policies, the legal agreements UNOPS has entered into with its partners and construction and services contracts. Given the specificities of Works activities, UNOPS has developed a specific suite of Contract for Works that shall be used when implementing Works for, or on behalf of, UNOPS.

1.3. This Operational Instruction (OI) provides instructions regarding the selection and use of UNOPS Contracts for Works and the related solicitation methods and documents.

2. Definitions

2.1. For the purpose of this OI, the following terms shall have the meaning provided herein:

2.1.1. **Works:** All activities associated with the construction, reconstruction, demolition, repair or renovation of infrastructure, including activities such as site preparation, excavation, erection, building, installation of equipment or materials, decoration and finishing, as well as professional services related to construction, such as design and construction supervision services, exploratory drilling, mapping, satellite photography, topographic surveying, seismic investigations and similar services.

2.1.2. **Contracts for Works:** The UNOPS suite of Contracts for Works first issued in 2022, and any subsequent updates to these.

2.1.3. **Defects Notification Period (DNP):** The period between issuing the 'Taking Over Certificate' and the 'Final Completion' of the Works.

3. When to use the Contracts for Works

3.1. When UNOPS enters into a legal agreement with a partner relating to the implementation of Works (Legal Agreement), the roles (and associated liabilities) of UNOPS and its partner shall be clearly defined in the Legal Agreement so that it is clear who is responsible for what work packages/activities (e.g., preliminary studies, design, construction, construction supervision, operation and/or advisory services as applicable).

3.2. Where UNOPS is responsible for delivering part or all of the Works, depending on the associated risks and liabilities, UNOPS may decide to implement part or all of the Works directly or contract the Works implementation to contractors and/or consultants. When the implementation of the Works is to be procured, the appropriate contract for Works shall be used, except as noted in Section 3.3 of this OI.

3.3. Any agreement between UNOPS and a partner for the use of contract forms other than one of the Contracts for Works and/or the related solicitation documents shall require the prior approval from the Head of Portfolio Delivery Support, IPMG and shall be included in the Legal Agreement.

4. The suite of Contracts for Works

4.1. UNOPS has developed a suite of Contracts for Works – using elements from the International Federation of Consulting Engineers (FIDIC) standard suite of contracts – which includes the following contracts:

4.1.1. Construction Contract for Major Works;

4.1.2. Construction Contract for Small Works;

4.1.3. Construction Contract for Minor Works;

4.1.4. Consultant Services Contract for Works; and

4.1.5. Construction Contract for Design and Build².

5. Selecting the Appropriate Contract for Works

5.1. Construction Contracts for Works

5.1.1. The appropriate Construction Contract for Works shall be selected with due consideration for the risk profile of the Works and level of rigor required for effective contract administration.

5.1.2. The following five factors shall be taken into account when selecting the Construction Contract for Works:

i. Regulatory environment and construction industry capacity in the operating context; ii. Complexity of the infrastructure asset design; iii. Consultant capacity (if a consultant will be engaged); iv. UNOPS project team capacity; and v. Estimated construction value.

5.1.3. To assist UNOPS personnel to select the appropriate Construction Contract for Works, the Contracts for Works: Selection tool¹ shall be used.

5.2. Consultant Services Contract for Works

5.2.1. The Consultant Services Contract for Works shall be used for infrastructure-related design services, the provision of other technical services, such as geotechnical investigation, topographical survey, specialized structural analysis, or construction supervision activities.

1. https://datastudio.google.com/reporting/9efe9fba-d417-437e-a816-f68722951c09/page/p_k5g01y9apc

5.2.2. In the case of design services, reference to the applicable UNOPS design planning manual shall be made in the solicitation documents and the contract to ensure that the Consultant complies with the minimum applicable design standards.

5.2.3. In addition, the 'Time for Completion' in a consultant contract for design services should, wherever possible, be aligned to the 'Time for Completion' for the associated construction activities. This will ensure that any required changes to the design are made by the Consultant responsible for the design, not by UNOPS, and avoid any transfer of liability for the design to UNOPS. Refer to the OI on the Design Review of Infrastructure Works for further guidance.

5.3. Construction Contract for Design and Build

5.3.1. The Construction Contract for Design and Build shall be used to engage a contractor to both design and build the Works.

5.3.2. Given the complexity of this contract, prior approval from the Head of Portfolio Delivery Support, IPMG is required before using this contract modality.

5.3.3. Prior to issuing the procurement process using the Construction Contract for Design and Build (2017), the 'Requirements of the Employer' shall be reviewed and accepted by the Head of Portfolio Delivery Support, IPMG.

5.3.4. Once the design has been prepared by the Contractor, it shall be reviewed and approved by IPMG Design Review before a Certificate of Design Review Compliance can be issued and the Works can be implemented. Refer to the OI on the Design Review of Infrastructure Works for further guidance.

6. Solicitation Methods and Documents

6.1. Depending on the type of Contract for Works to be used and the estimated construction value or value for the consultant Services, the most suitable solicitation method and documents for the corresponding contract shall be used as per the criteria in **Table 1**. The solicitation methods for the procurement of Works include Shopping, Request for Quotation (RFQ), Invitation to Bid (ITB), and Request for Proposal (RFP).

Table 1: Solicitation method and documents

Contract for Works	Estimated construction value/ value for consultant services	Solicitation method and document
Construction Contract for Major Works	Less than US\$6 million	ITB or RFP
	US\$6 million or greater	RFP
Construction Contract for Small Works	Less than US\$250,000	RFQ

	US\$250,000 or greater and less than US\$6 million	ITB or RFP
	US\$6 million or greater	RFP
Construction Contract for Minor Works	Less than US\$10,000	Shopping* or RFQ
	US\$10,000 or greater and less than US\$50,000	RFQ
Consultants Services Contract for Works	Less than US\$10,000	Shopping** or RFQ
	US\$10,000 or greater and less than US\$50,000	RFQ or RFP
	US\$50,000 or greater	RFP
Construction Contract for Design and Build	Any value	RFP
All contracts	Any value when using Emergency Procurement Procedures (EPP)	RFQ for EPP ³

- Subject to the following exceptions: Shopping shall not be used for the solicitation of construction works with high HSSE risks, as determined by technical matter experts.

** Subject to the following exceptions: Shopping shall not be used for the solicitation of consultant services for works where the services involve direct life-safety risks or implications, as determined by technical matter experts.

7. Structure of the Contracts for Works

7.1. Each contract for Works shall include, but is not limited to, the following documents that shall be deemed to form the Contract:

i. The Instrument of Agreement; ii. General Conditions of Contract (GCC); iii. The Particular Conditions of Contract, if any; and iv. Schedules.

7.2. The documents that form the Contract for Works shall be included in the solicitation documents to inform potential bidders during the preparation of their bid.

7.3. The GCC may only be amended by the inclusion of Particular Conditions of Contract. Any modifications to the GCC require prior review by the Legal Group and the IPMG Project Management and Infrastructure (PMI) team, and written approval by the Head of Portfolio Delivery Support, IPMG.

7.4. The Schedules shall include all relevant technical elements of the contract, requirements and standard forms, such as forms of security.

8. Key Elements of the Contract for Works

8.1. Roles and Responsibilities

8.1.1. In the Contracts for Works, the Employer is UNOPS, typically represented by the Procurement Authority.

8.1.2. The Employer's Representative is the person who is appointed by the Employer to supervise the implementation of the Works. Typically the UNOPS Project Manager takes the role of the Employer's Representative but this role can also be delegated to the Technical Coordinator or other UNOPS personnel, as approved in the Implementation Plan.

8.1.3. The Employer's Representative shall fulfill the necessary qualifications, experience and competencies applicable to the Works (e.g., engineers, architects, or contract administrators with relevant experience).

8.1.4. The Engineer shall be appointed by the Employer when using the Construction Contract for Major Works, and acts within the duties and authorities assigned in the Contract.

8.2. Retention and Performance Security

8.2.1. The Retention and Performance Security amount required under the Contract for Works shall be between 5 and 10 per cent of the contract price. Either or both a retention or a bank guarantee or security (or a similar instrument) may be required as performance security, as long as the total security amount is between 5 and 10 per cent of the contract price.

8.2.2. Any deviation from this section 8.2.1 shall be made in consultation and agreement between the Project Manager, the Head of Portfolio Delivery Support, IPMG and the IPMG PMI team.

8.3. Advance Payment Security

8.3.1. The use of advance payments shall be discouraged, wherever possible, except where required by commercial practice or the best interests of UNOPS. In this case, advance payment shall be done in accordance with the UNOPS Procurement Manual.

8.3.2. Advance payments should not normally exceed 10 per cent of the total Contract Price and an advance payment security should be required.

8.3.3. Approval to deviate from the 10 per cent threshold should be sought from the Head of Portfolio Delivery Support, IPMG, in consultation with the Procurement Authority.

8.4. Time and Cost Contingencies

8.4.1. The planning and implementation of works shall take into account time and cost contingency allowances to cover unforeseen and unknown components of the Works within the overall scope of the Works.

8.4.2. A cost contingency sum between 6 and 12 per cent of the contract value shall be included in the request for award of a construction contract for works.

8.4.3. Approval to deviate from the defined threshold shall be made by the Head of Portfolio Delivery Support, IPMG, in consultation with the IPMG PMI team.

8.4.4. The time and cost contingencies are an internal mechanism for the Employer (UNOPS) to manage the risk of additional time and costs and shall therefore not be included in the Contract.

8.4.5. These contingencies shall also be planned for and included in the overarching Legal Agreement between UNOPS and its partners so that the Legal Agreement and the Contract for Works are aligned.

8.5. Defects Notification Period

8.5.1. The DNP shall not be less than 12 months. Deviation from this practice shall be subject to the written approval of the Head of Portfolio Delivery Support, IPMG and the Engagement Authority.

9. Exceptions

9.1. Requests for exceptions to deviate from the contract options available in the Contracts for Works selection criteria² and the corresponding solicitation methods shall be prepared and submitted by the Project Manager (with endorsement from the Project Executive) to the Head of Portfolio Delivery Support, IPMG for written approval.

10. Disputes

10.1. In the case that an agreement cannot be reached between IPMG and the Project Manager, on any aspect of this OI, the issue shall be escalated to the respective Country or Multi Country Director, the Regional Director and the Director of IPMG (or other personnel, as authorized by the Director of IPMG) for resolution.

10.2. In the case that an agreement still cannot be achieved, it shall be escalated to the Executive Office for a final decision.

2. https://datastudio.google.com/reporting/9efe9fba-d417-437e-a816-f68722951c09/page/p_k5g01y9apc

11. Authoritative Interpretation

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

Footnote

1 Resolution Adopted by the General Assembly, 'Renaming of the Executive Board of the United Nations Development Programme/United Nations Population Fund to include the United Nations Office for Project Services', A/RES/65/176, 20 December 2010.

2 The Design and Build Contract (2017) shall be used.

3 Specific RFQ templates are available for each Contract for Works under EPP.