

OPERATIONAL INSTRUCTION REF. OI.IPMG.2019.02

ACCEPTANCE OF ENGAGEMENT AGREEMENTS

1. Authority

1.1. This Operational Instruction (OI) is promulgated by the Director of the Infrastructure and Project Management Group (IPMG) on the basis of a delegation of authority from the Deputy-Executive Director, under the authority of the Executive Director, under OD.EO.2017.02 on Management of UNOPS Partners and Resulting Agreements, of 13 October 2017.

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 exploring opportunities and developing engagements, thereby supporting relevant UNOPS personnel in fulfilling their roles and responsibilities.

3. Effective Date

3.1. This OI shall become effective as of **1 January 2019**.

4. Consequential Changes

4.1. This OI shall supersede and abolish OI.IPMG.2018.02 - Acceptance of Engagement Agreements, as of 1 January 2019

[signature redacted]

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Director, Infrastructure and Project Management Group

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2. 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 Annex 1 for the Acceptance of Engagement Agreement DoA master table.

1.3. Under OD.EO.2017.02: Management of UNOPS Partners and Resulting Agreements, an Engagement Agreement is where UNOPS enters into an agreement whereby the funding source will provide funds to UNOPS to deliver specific services including grant support, to or on behalf of a client through a project, multiple projects, or a programme.

1.4. For the purpose of this OI, a list of definitions of terms is available in Annex 3.

3. 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 its 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;
- 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.

4. Engagement Development Process

3.1. As set out in OI.IPMG.2018.01 on Project Management, engagement development comprises three stages:

i. **Opportunity Stage:** constitutes the identification and monitoring of potential engagements, through early initial discussions with partners (the funding source and/or client). Offices shall maintain an overview of ongoing opportunities to facilitate effective follow up.

During this stage, a Proposal shall be developed and a risk assessment shall be completed prior to entering into in-depth discussion with partners. Consultation with subject matter 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 (EA) 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 one UNOPS. The Opportunity stage approval shall become mandatory as of January 1st, 2019.

ii. **Pre-engagement Stage:** involves the formulation and negotiation of an 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 the partners, as well as the expected outputs and contribution to outcomes are defined.

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

An approval or rejection is required by the EA 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 initiation.

iii. **Initiation Stage:** represents the last stage of the engagement development process, where the engagement is finalized, as is the mobilization of primary resources for the implementation stage.

At this stage, the scope is well-defined and reflected in the PID, and the Legal Agreement, the tentative project plan(s), the budget(s) and pricing are agreed.

An EA shall sign the Engagement Agreement after the initiation stage has been approved by the relevant EA in oneUNOPS. An approval of the engagement by the EA enables the engagement to advance to the next stage.

3.2. The mandatory requirements for each stage are outlined in OI.IPMG.2018.01 on Project Management, and Part 2 of the Project Management Manual (PMM). Further guidance is provided in the PMM Part 1 and the Process and Quality Management System (PQMS).

5. Opportunity and Engagement Acceptance (OEA) Risk Assessment

4.1. All new opportunities and engagements shall undergo a risk assessment. The OEA risk assessment process in oneUNOPS aims to systematically identify and assess engagement risks prior to pursuing new opportunities and entering into new engagements. The OEA risk assessment questions are sequenced in line with the progression of the development from opportunity to pre-engagement and initiation stages. More comprehensive risk assessment shall be undertaken for complex engagements in order to inform the decision making appropriately, as per the requirements under OI.IPMG.2018.01 on Project Management.

4.2. As risk management shall be an inclusive effort in UNOPS, project teams, subject matter 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 engagement high risks that have potential organisational wide consequences are identified during the engagement development, **the Engagement Authority (EA) shall escalate the matter to the Engagement Acceptance Committee (EAC)**¹ (see section 7).

These high risks are defined by the Policy Holders in accordance with criteria based on the Balanced Score Card in the Enterprise Risk Management system:

Partners and Stakeholders

Finance

People

Process/ operations

The list of high risks shall be available within the Opportunity and Engagement Acceptance system of oneUNOPS

4.4. All engagements are subject to a mandatory reviews by IPAS Legal and IPAS Finance. Any engagement that includes the scenarios and / or activities and or / outputs as listed in the high risk list shall be subject to mandatory review by IPAS, inclusive of Project Management and Infrastructure (IPAS PMI) review. Where such review considers that the risk management approaches defined within the risk register are not adequate to reduce the risk from a high to medium or low level categorization these shall be escalated to the EAC.

4.5. For all engagements for which the funding source is new to UNOPS, where the engagement pricing deviates from the corporate pricing policy and such deviation is not covered under a global MOU, or where a fixed fee is being applied and such fixed fee is not covered under a global MOU **the Engagement Authority (EA) shall escalate the matter to**

the Engagement Acceptance Committee (EAC) (referred to as the Project Acceptance Committee in EOD.ED.2017.04 – Financial Regulations and Rules) (see section 7).

6. 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 service provider/contractor, including in services, works, goods, an individual contractor, or a implementing partner for a particular activity or set of activities within the framework of an engagement, and requested UNOPS to engage or employ the service provider/contractor, in accordance with Rule 118.02 (e) of EOD.ED.2017.04: UNOPS Financial Regulations and Rules: *“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 acceptance of the request of the funding source to engage or employ a service provider/contractor:

- i. **Compliance:** the funding source shall confirm that in selecting the service provider/contractor, that it has complied with its applicable regulations, rules and procedures.
- ii. **Non-liability:** the funding source shall agree that, due to the selection of the service provider/contractor being outside of UNOPS’ control, that UNOPS carries no liability for the performance of the service provider/contractor.
- iii. **Eligibility:** pre-selection shall only be accepted where it has been effected by the following categories of funding sources:

- Entities of the United Nations common system
- International Financial Institutions, including Bretton Woods institutions, regional and bilateral development banks
- Reputable intergovernmental organizations
- Governments with a Corruption Perception Index (CPI) of 50.0 or more as measured by Transparency International, current year ranking (or previous year where the current year ranking is unavailable).

iv. **High risk:** Pre-selection of intergovernmental organizations with reputation risks, Governments with a CPI below 50.0, non-governmental organizations and other exceptions, shall be approved by the Executive Chief Procurement Officer prior to acceptance of the engagement.

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 service provider(s)/contractor(s) pre-selected by the funding source. This may also take place through an appropriate amendment to the Engagement Agreement. This method is the preferred method for pre-selection.

ii. **Pre-selection in process:** whereby an official letter is submitted to UNOPS by the funding source during the implementation phase of the engagement. In addition to clauses in 5.2, the requirements include:

- The letter shall be signed by an official of the same rank as the official who signed the Engagement Agreement

- 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 at the same rank 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 service providers(s)/contractor(s) will be done during the implementation phase of the engagement, in accordance with the established criteria. 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, 5.3.ii shall apply.

5.4. The authority to accept pre-selection is the EA, as set out in the Acceptance of Engagement Agreements DoA master table in Annex 1.

7. Amendments

6.1. An amendment shall be requested when there is a change to the Engagement Agreement, in line with the requirements set out in the OI on Project Management.

6.2. When an engagement is proposed to be amended, the change control procedures in the PMM Part 2 require re-evaluation of the risks and require approval by the appropriate decision making authority.

6.3. The mandatory requirements for amendments are further outlined in OI.PMG.2018.01 on Project Management and the PMM Part 2.

8. Engagement Acceptance Committee (EAC)

7.1. The Executive Director (ED) has established the EAC, which shall be responsible for the evaluation of opportunities and engagements with high risk profiles that may have potential organisation wide consequences, and determine whether or not to continue pursuing said opportunity or accept the engagement. The Terms of Reference for the EAC is available in Annex 2.

7.2. The ED may choose to delegate the responsibility for some stages of decision making in cases where it may result in improved efficiency and effectiveness of the process, in accordance with the EOI on Delegation of Authority and Accountability Framework.

7.3. The ED shall designate a secretariat for the EAC.

7.4. Reviews shall be sought from Reviewers at the Director and/or Advisor level, supported by Technical Experts as applicable for presentation to the Chair of the EAC, or designated authority for their consideration in the decision making process.

9. Roles and responsibilities

8.1. The roles and responsibilities are herein defined as per the engagement development process and in line with the approval levels for each stage:

Opportunity and engagement development:

The Business Developer, typically partnerships personnel, is responsible to explore opportunities and develop engagements. The developer acts on behalf of the Engagement Authority and 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.

Contributors shall support the Business Developer with subject matter expertise and contextual knowledge and experience. Contributors are typically existing team members within the organizational units' structure.

The Project Executive appointed by the Engagement Authority is typically the organizational units' designated senior manager, such as the Head of Programme (HoP) but may also be other senior personnel and is responsible for the substantive components of the development and risk assessment of new opportunities and engagements. The Project Executive ensures that the appropriate Contributors, i.e. team members, stakeholders, other technical experts, and Reviewers are engaged to support the development process.

The Shared Service Centre (SSC) is responsible to support the opportunity and engagement development with expert technical advice as Reviewers.

Opportunity stage and Pre-engagement stage Approval:

The EA, typically the Country and/or Hub Directors, or other delegated senior personnel, have the responsibility for new opportunities and pre-engagement development within their respective geographical scope, and may approve the opportunity and pre-engagement stages in accordance with their DoA. The EA, as the Approver, has the responsibility to ensure that pursuing opportunities and entering into Engagement Agreements fully comply with requirements of this OI and UNOPS legislative framework. The Project Executives have the responsibility to ensure that potential high risk engagements are escalated to the EAC as required.

Initiation stage Approval:

The EA, typically the Regional Directors (RD), or other delegated senior personnel, has the responsibility for new engagements within the region, and may accept new engagements, in accordance with their DoA. The EA has the overall responsibility to ensure that the acceptance of the engagement is in line with the requirements of this OI and UNOPS legislative framework. The Project Executives have the responsibility to ensure that potential high risk engagements are escalated to the EAC as required. As per the PMM Part 2 there are 2 different EA roles during Initiation, one for engagement acceptance and one for Initiation Stage Approval.

High risk engagement Approval:

The ED has the overall responsibility for acceptance of all new engagements in UNOPS and specifically reviews high risk engagements as the Chair of the EAC. The ED may delegate this authority to other UNOPS personnel in line with the DoA and Accountability framework.

Policy framework, systems & oversight:

IPMG is responsible for establishing and overseeing conformance of the framework, instructions, procedures and processes for opportunity and engagement development and acceptance. 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.

10. Authoritative Interpretation

9.1. 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.

11. ANNEX 1: Acceptance of Engagement Agreements - Delegation of Authority – Master Table

TABLE A	Approve Opportunity	Normative base	Level 1	Level 2	Level 3	Level 4
Opportunity	A- Approve opportunity if: (a)	OI.IPMG.2019.01:	nil	unlimited	unlimited	unlimited

TABLE A	Approve Opportunity	Normative base	Level 1	Level 2	Level 3	Level 4
	01 there are no high risks as per this OI.(b) the funding source is not new to UNOPS, (c) pricing is in accordance with the corporate pricing policy or in accordance with an Umbrella MOU, and (d) fixed fees are applied in accordance with an Umbrella MoU.	Project Management				
	A- 02 Approve opportunity where (a) there are high risks as per this OI.(b) the funding source is new to UNOPS, (c) pricing deviates with the corporate pricing policy and is not in accordance with an Umbrella MOU, and (d) fixed fees are applied are not in accordance with an Umbrella MoU.		nil	nil	nil	unlimited
TABLE B	Approve Pre-engagement	Normative base	Level 1	Level 2	Level 3	Level 4
Pre-engagement	B- 01 Approve pre-engagement if: (a) there are no high risks as per this OI.(b) the funding source is not new to UNOPS, (c) pricing is in accordance with the corporate pricing policy or in accordance with an Umbrella MOU, and (d) fixed fees are applied in accordance with an Umbrella MoU.	OI.IPMSG.2019.01: Project Management	nil	unlimited	unlimited	unlimited
	B- 02 Approve pre-engagement where: high risks as per this OI are identified.		nil	nil	nil	unlimited
TABLE C	Approve Initiation	Normative base	Level 1	Level 2	Level 3	Level 4
Initiation	C- 01 Approve Engagement Acceptance in one UNOPS if: (a) there are no high risks as per this OI,(b) the funding source is not new to UNOPS, (c) fixed fees are applied in accordance with an Umbrella MoU, and (d) a waiver for high security risk is approved.	OI.IPMSG.2019.01: Project Management	nil	nil	unlimited	unlimited
	C- Approve Engagement		nil	nil	nil	unlimited

TABLE A	Approve Opportunity	Normative base	Level 1	Level 2	Level 3	Level 4
	02 Acceptance where: (a) there are high risks as per this OI.,(b) the funding source is new to UNOPS, (c) pricing deviates with the corporate pricing policy and is not in accordance with an Umbrella MOU, and (d) fixed fees are applied are not in accordance with an Umbrella MoU.					
	C- 03 Approve pre-selection if compliance with (a) principles in 5.2 i, ii, iii and (b) methodology set in 5.3 as per this OI.		nil	nil	unlimited	unlimited
	C- 04 Approve pre-selection where high risks are identified as per 5.2 iv in this OI.		nil	nil	nil	unlimited
	C- 05 Approve Engagement Acceptance in oneUNOPS for C-02 and C-04 engagements that have been approved by the appropriate Engagement Authority.		nil	nil	unlimited	unlimited
	C- 06 Sign engagement agreements that have been approved in oneUNOPS by the appropriate Engagement Authority.		unlimited	unlimited	unlimited	unlimited
	C- 07 Approve Initiation Stage in oneUNOPS for C-01, C-02 and C-05.		nil	unlimited	unlimited	unlimited

12. ANNEX 2: Terms of Reference, Engagement Acceptance Committee (EAC)

Purpose

The purpose of the EAC is to evaluate engagements with high risk profiles that may have potential organisation wide consequences, and to determine whether or not to continue pursuing the said opportunity or engagement. The EAC is the highest decision making authority for opportunities and engagements in UNOPS (the EAC is also responsible for review and approval of partner agreements as per OI.PLG.2018.01).

Chair

The ED is the Chair of the EAC. The ED may delegate this responsibility to the Deputy Executive Director (DED), or other UNOPS personnel, in line with the DoA and Accountability Framework.

EAC Secretariat

The EAC Secretariat is responsible for the management of the EAC, including review of submissions, coordination of reviews, preparation and submission to ED or designated authority, supporting organizational units to comply with standards, administration and record keeping on behalf of the EAC. The Secretariat shall provide a quarterly update to all policy setting groups about approved deviations from their policies.

Reviewers

Reviews shall be conducted by senior UNOPS personnel at the Director or Advisor level who are deemed to have the appropriate level of independence in order to provide a qualified and independent review. These may be supported by Technical Experts as applicable

Scope of Reviews

All submissions to the EAC for engagement approval shall be reviewed from a risk-based approach and, at a minimum; the Legal Group shall provide a legal review.

Depending on the reason for submission, other reviews shall be sought from relevant responsible units identified in the ERM structure.

The EAC Secretariat shall ensure that all relevant reviews are sought and received.

Decision making

The Chair, or its designated authority, has the discretion to decide whether to accept, reject or defer a submission based on the available information. A meeting will be convened only when the Chair deems further review necessary prior to decision making.

13. ANNEX 3 - List of definitions**Engagement Acceptance Committee (EAC)**

The EAC is the body responsible for the evaluation of opportunities and engagements with high risk profiles that may have potential organisation wide consequences, and determines whether or not to continue pursuing said opportunity, or to accept, the engagement.

Amendment

An amendment occurs when there is 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.

Client

A Client is any entity to which 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 knowledgeable and accurate information and guidance to help develop an engagement. The contributor can be anyone with the technical skills and experience necessary to be a technical expert on the subject matter.

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 Agreement

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

Engagement Authority (EA)

The EA is the role within UNOPS which has received formal authority from the Executive Director to accept engagements. The EA owns the UNOPS internal business case, risks and ethics, and is held accountable for the realization of results.

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 stage, Pre-engagement stage and Initiation stage. The main responsibility is to formalize an engagement and to plan the implementation stage of its related 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) a client which provides funds to UNOPS pursuant to an engagement agreement between UNOPS and that client, or (ii) where the funding source is not a client, the entity that provides funds to UNOPS with the written concurrence of a 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 the UNOPS Operations Centres and Hubs. The HoP supports the Business Developer throughout the engagement development process, ensuring the involvement of relevant Contributors and Reviewers at the various stages.

Opportunity

An Opportunity is a potential engagement with some probability of being formalized, including discussions with partners around possible collaborations.

Opportunity and Engagement Acceptance (OEA) Risk Assessment

The OEA Risk Assessment is a structured approach in one UNOPS to assist in identifying and assessing risk before UNOPS pursues new opportunities or enters into any new engagements. The OEA risk assessment questions are sequenced in line with the progression of the development from opportunity to pre-engagement and initiation stages.

Partners

UNOPS partners are normally either a client or a funding source.

Project

A Project is a temporary organization created to deliver an output.

Project Executive

The Project Executive is the role accountable for the project and is the key decision maker. The main responsibility of a Project Executive is to direct a project. 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.

Programme

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

Review

A Review is a formal assessment of the engagement prior to acceptance by a relevant subject

matter expert, i.e. a Reviewer. The Review is intended to support the EA to decide whether or not to accept an engagement.

Reviewer

Reviewers are subject-matter experts, typically located at regional and corporate level, who provide comments and feedback during Opportunity, Pre-engagement and Initiation stages to the Business Developer and to the EA. The Reviewers inform of any risks concerning the engagement, especially high risks, before an engagement is accepted. For the purpose of the EAC, Reviewers are senior UNOPS personnel at the Director or Advisor level.