

UNITED NATIONS OFFICE FOR PROJECT SERVICES

**Headquarters, Copenhagen
Revision 1: 19 April 2010**

ORGANIZATIONAL DIRECTIVE No. 16 (revision 1)**Procurement Framework****1. Introduction**

- 1.1. This Organizational Directive (OD) defines the regulatory framework for procurement as set forth in UNOPS Financial Regulations and Rules, effective 1 February 2009.

2. Purpose

- 2.1. The purpose of this OD is to reflect the revisions to the Financial Regulations and Rules and Organizational Directive No. 15 (“UNOPS Global Structure”). The general principles which should receive due consideration when undertaking procurement activities of UNOPS are defined in Financial Regulation 18.02.

3. Headquarters Contracts and Property Committee (HQPC)**3.1. Ratification**

- 3.1.1 The Executive Director is authorized under Financial Rule 117.01(c) to establish contracts and property committees.
- 3.1.2 HQPC was originally established by the Executive Director pursuant to Organizational Directive No. 17 of 19 December 2006.
- 3.1.3 Accordingly, the Executive Director hereby ratifies HQPC, which shall carry out the functions as stated herein.

3.2. Scope of review

- 3.2.1 HQPC shall render written advice to the Executive Chief Procurement Officer (ECPO) with respect to:
- (a) the following procurement activities:
- (i) proposed contracts, including those on the basis of pre-selection by the funding source, involving awards to a supplier in respect of a single request for a specific project or purpose, or a series of requests relating to the same specific project or purpose, which in aggregate have a value greater than or equal to the thresholds indicated in section 3.3 below in the last 12 months. If in the last 12 months an award was made by the ECPO after receiving written advice from HQPC and a contract was issued to the supplier for the same project or purpose, the amount so approved

by the ECPO for contract award and all preceding awards must be excluded for the purpose of calculating the aggregate amount; i.e. the most recent award made by ECPO after receipt of written advice from HQCPC will “reset the aggregate count to zero”;

- (ii) proposed contracts that result from an exception to the use of formal methods of solicitation and the value is greater than or equal to the thresholds indicated in section 3.3 below;
- (iii) proposed amendments or series of amendments to contracts, which in aggregate have a value greater than or equal to the thresholds indicated in section 3.3 below or which would increase the amount of the contract as previously recommended by HQCPC by more than 20 per cent, whichever is less. This is irrespective of whether or not such an increase was contemplated in the original tender documents;
- (iv) proposed contracts of any value which could reasonably lead to a series of related contracts, the total of which may be greater than or equal to the thresholds indicated in section 3.3 below, including other indefinite quantity contracts;
- (v) Long Term Agreements (LTAs) regardless of their value, with the exception of valid LTAs which have been established by other United Nations Organizations. LTAs established by a business unit can potentially be used by other business units and as a consequence, the cumulative amount over a 12-month period for the same purpose may exceed the thresholds indicated in section 3.3 below. Therefore, the establishment of any LTAs must be reviewed by HQCPC and approved by the ECPO;
- (vi) review of post-facto and retroactive situations with total value greater than or equal to the thresholds indicated in section 3.3 below, in order to provide advice to the ECPO on ratification of actions not conforming to the established review and award processes, and/or acceptance of charges against appropriate budgets; and
- (vii) such other matters relating to procurement, including policy issues, as may be referred to HQCPC by the Executive Director or ECPO;
- (viii) for multiple requested awards against the same solicitation exercise, HQCPC will only review the proposed contract awards for which the recommended contract values are above HQCPC thresholds, unless the award of the various lots is inter-related; i.e.

a bidder being the lowest one for a certain number of lots only qualifies for a lesser number of lots due to post qualification issues such as capacity, turn-over, etc. In such situations, HQCPC review is required for all bidders. When the award of lots is not interrelated, recommendation for contract award must be submitted to the relevant procurement authority for amounts below HQCPC thresholds.

Notwithstanding the above, HQCPC review is not required (irrespective of the contract amount) when the funding source is from the United Nations system including International Financial Institutions, and it has already reviewed the evaluation process in accordance with its internal procedures and provided, in writing, its no objection for the issuance of contract. However, when the funding source is an International Financial Institution, waiving of contracts and property committee review is subject to a letter from the client stating that in accordance with the client's procedures, the International Financial Institution's no objection is enough in its own right to award a contract and a separate review by UNOPS' contracts and property committee would be redundant and is not needed. In such situations, the contract may only be signed by an individual having the required level of delegation of authority to be specified by the Director, Procurement Practice Group.

Further, where HQCPC is recommending that the ECPO rejects a submission made on a competitive basis, it will advise ECPO as to what his/her determination should be under Financial Rule 118.04(c) (i.e. whether UNOPS should undertake a new solicitation, or to negotiate a contract directly pursuant to Financial Rule 118.05, or to terminate or suspend the procurement activity).

- (b) loss, damage or other discrepancies in relation to UNOPS property, plant and equipment (in accordance with Financial Rule 121.02);
- (c) write-off of losses of UNOPS cash, cash equivalents or property, plant and equipment (in accordance with Financial Rule 123.12 and Organizational Directive No. 32);
- (d) establishment of corporate dwelling facilities (in accordance with AI/EO/2010/01); and
- (e) the following activities related to engagement of individual contractors under the individual contractor agreement (ICA) (in accordance with Organizational Directive No. 21).
 - (i) proposed ICAs further to a competitive selection process and proposed ICAs further to pre-selection by the funding source,

involving awards to an individual contractor in respect of a single request for a specific project or purpose, or a series of requests relating to the same specific project or purpose, which in aggregate have a value greater than or equal to the thresholds indicated in section 3.3 below in the last 12 months;

- (ii) proposed amendments or series of amendments to contracts, which in aggregate have a value greater than or equal to the thresholds indicated in section 3.3 above or which would increase the amount of the contract as previously recommended by HQCPC by more than 20 per cent, whichever is less;
- (iii) proposed ICAs further to exception to the use of formal methods of solicitation when the value is greater than or equal to the thresholds indicated in section 3.3 above;
- (iv) proposed contracts of any value which could reasonably lead to a series of related contracts, the total of which may be greater than or equal to the thresholds indicated in section 3.3 above; and
- (v) review of post-facto and retroactive situations with total value greater than or equal to the thresholds indicated in section 3.3, in order to provide advice to the ECPO on ratification of actions not conforming to the established review and award processes, and/or acceptance of charges against appropriate budgets.

3.2.2 In addition, HQCPC shall:

- (a) monitor the performance of local contracts and property committees (LCPCs), including but not limited to, conducting random review of cases and recommending actions to ECPO;
- (b) advise ECPO pursuant to Financial Rule 118.01(b)(iv) that appropriate authority has been obtained for the commitment of funds; that the best interests of UNOPS and its clients are protected; and that the procurement activities are carried out in conformity with UNOPS Financial Regulations and Rules, relevant policies and procedures and are in accordance with generally recognized leading business practices when carrying out its functions in respect of procurement activities, including engagement of individual contractors;
- (c) prepare statistics, analyse trends and provide analysis;
- (d) advise ECPO, as may be requested, with regard to granting of delegation of authority; and

- (e) perform such other functions as the Executive Director or ECPO may from time to time require. However, HQCPC shall render its written advice to the Executive Director through the ECPO.

3.3. *Monetary thresholds for HQCPC review*

3.3.1 For headquarters groups and offices **without** an established LCPC

Contracts further to the use of formal methods of solicitation, and contracts further to pre-selection (including the engagement of individual contractors)	Contracts further to exceptions to the use of formal methods of solicitation, amendments, post facto and retroactive cases (including the engagement of individual contractors)
from USD 250,000 (inclusive)	from USD 50,000 (inclusive)
Note: All LTAs must be reviewed by HQCPC regardless of estimated amount	

3.3.2 For offices **with** an established LCPC

Contracts further to the use of formal methods of solicitation, and contracts further to pre-selection (including the engagement of individual contractors)	Contracts further to exceptions to the use of formal methods of solicitation, amendments, post facto and retroactive cases (including the engagement of individual contractors)
In accordance with the amount specified/to be specified in the delegation of authority to the relevant Regional Director which, at the discretion of the ECPO, may be up to USD500,000 or USD1,000,000.	In accordance with the amount specified/to be specified in the delegation of authority to the relevant Regional Director up to USD250,000.

3.4. *Composition and terms of reference*

- 3.4.1 The ECPO shall, by Administrative Instructions (AI) under this OD, appoint persons holding staff contracts as members of HQCPC and issue detailed terms of reference for HQCPC.

4. Local Contracts and Property Committee (LCPC)

- 4.1. The Executive Director hereby delegates the authority to the ECPO to establish LCPCs in regional offices to render written advice to the regional director. The ECPO shall specify the authority, purpose and powers of each LCPC, including the type and monetary values of proposed procurement activities, including the engagement of individual contractors, to be reviewed by each LCPC, subject to the following:

- 4.1.1 LCPC must not review requests for award of LTAs;

- 4.1.2 in determining the thresholds for LCPC review, the amount so approved by the regional director for contract award and all preceding awards to a supplier or individual contractor in respect of a single request for a specific project or purpose, or a series of requests relating to the same specific project or purpose during the last 12 months must be included for the purpose of calculating the aggregate amount; i.e. the most recent award made by the regional director after receipt of written advice from LCPC will not “reset the clock aggregate count to zero”; and
- 4.1.3 the regional director shall not make an award contrary to the recommendation of an LCPC. In the event a regional director disagrees with the LCPC, he/she may authorize the submitting officer to make a submission to HQCPC to appeal the recommendation of LCPC. HQCPC shall then make its recommendation to ECPO.
- 4.2. Issues relating to the thresholds/authority of HQCPC or LCPC (such as whether a particular submission should be submitted for review to HQCPC or LCPC), shall be determined by the Chair, HQCPC, in consultation with the General Counsel, if necessary. Such determination shall be made available in the intranet by the Chair, HQCPC, for future reference.
- 5. Procurement authority**
- 5.1. The Deputy Executive Director shall issue delegation of authority to relevant UNOPS personnel in accordance with directives to be issued by the Executive Director from time to time.
- 6. Procurement Practice Group (PPG)**
- 6.1. Subject to UNOPS Financial Regulations and Rules, the provisions of this OD and all other ODs issued and to be issued, the Director, Procurement Practice Group is hereby authorized to:
- 6.1.1 establish the requirements for preparing and maintaining procurement plans in accordance with Financial Rule 118.08;
- 6.1.2 establish the registration and evaluation of suppliers; and
- 6.1.3 establish and maintain processes, instructions and supporting guidance on procurement activities (except engagement of individual contractors under the individual contractor agreement (ICA)) in the form of AI(s), in the appropriate format.
- 6.2. Only where the Executive Director or his/her delegate has agreed to apply the regulations, rules, policies and procedures of another entity can UNOPS procurement activities be guided by such other procedures (as per Financial Regulation 18.04).

7. Consequential changes

7.1. The following OD and AIs are hereby abolished on the effective date of this OD:

7.1.1 OD No. 17: Headquarters Contracts and Property Committee (HQCPC);

7.1.2 AI/DPS/2005/01: Procurement of Motor Vehicles; and

7.1.3 AI/GSC/2008/01 : Procurement Policies.

8. Transitional measures: Delegation of Authority

8.1. On the effective date of this OD, irrespective of the level as stated in individual delegation of authority:

8.1.1 for award of contracts further to exceptions to the use of formal methods of solicitation, amendments, post facto and retroactive cases (including the engagement of individual contractors), committee review is required for proposed contracts of USD 50,000 and above; and

8.1.2 for award of contracts further to the use of formal methods of solicitation, and contracts further to pre-selection (including the engagement of individual contractors), procurement authorities holding valid delegation of authority with a limit of USD 100,000 are hereby authorized to award contracts up to USD 250,000.

9. Effective date

9.1. This OD is effective **1 May 2010**.



Jan Mattsson
Executive Director, UNOPS