

National Implementation by the Government of UNDP Supported Projects: Guidelines and Procedures

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Table of Contents

| | |
|---|------------|
| INTRODUCTION | 3 |
| OVERVIEW..... | 5 |
| Fiduciary, Legal and Accountability Issues | 5 |
| Legal Basis and Definitions | 5 |
| Operational Legal Framework | 6 |
| Accountability System | 7 |
| National Implementation and Capacity Development Considerations..... | 12 |
| PROCESSES AND PROCEDURES | 13 |
| UNDP Programming Process | 13 |
| Preparing the CPAP (Initiating a Programme) | 16 |
| Implementation of the Programme (Running a Programme) | 20 |
| Project Management | 23 |
| Justifying a Project..... | 25 |
| Defining a Project | 29 |
| Initiating a Project | 51 |
| Implementing a Project | 61 |
| Closing a Project | 79 |
| HUMAN RESOURCES | 86 |
| Procedures for the Management of Human Resources..... | 89 |
| PROCUREMENT..... | 102 |
| Standards and Procedures for the Procurement of Goods, Services and Products..... | 107 |
| Management of Individual Contracts (IC) | 120 |
| FINANCES | 149 |
| Direct Cash Transfers and Reimbursements | 157 |
| Direct Payments | 178 |
| CO Support Services to National Implementation | 182 |
| Combined Delivery Report | 185 |
| AUDIT | 189 |
| EVALUATION | 197 |
| ANNEX 1: LEGAL FRAMEWORK | 203 |
| ANNEX 2: PRINCIPLES FOR SELECTING MODALITIES OTHER THAN NATIONAL IMPLEMENTATION BY GOVERNMENTS | 206 |
| ANNEX 3: NON-GOVERNMENTAL ORGANIZATION IMPLEMENTATION | 208 |
| ANNEX 4: IMPLEMENTING PARTNER CHECKLIST..... | 210 |
| ANNEX 5: FRAMEWORK FOR USING IMPLEMENTING PARTNER'S PROCUREMENT SYSTEM..... | 215 |
| ANNEX 6: MODEL SERVICE CONTRACT | 216 |
| ANNEX 7: MODEL GENERAL TERMS AND CONDITIONS FOR GOODS | 222 |
| ANNEX 8: MODEL GENERAL TERMS AND CONDITIONS FOR SERVICES | 226 |
| ANNEX 9: LIST OF ACRONYMS | 231 |

INTRODUCTION

The goal of the development assistance of the United Nations Development Programme (UNDP) is to contribute to significant and sustainable improvements in people's lives. As such, UNDP provides support through programmes and projects that are intended to strengthen national capacities and expand the options and opportunities available to partners and beneficiaries in programme countries. This manual provides the guidance and procedures to enable UNDP country offices, programme country Governments (hereafter referred to as 'Government') and other partners at the country level to effectively design and implement these programmes and projects. The manual contains the approach and related procedures and resources to guide UNDP country offices work with government institutions that specifically act as implementing partners of UNDP-supported programmes and projects.

This manual is intended to ensure that UNDP standards are maintained in project implementation. As implementing partners, government institutions are responsible for the technical and administrative implementation of a development cooperation project pursuant to UNDP Regulations and Rules. The implementing partner is accountable to UNDP for the resources entrusted to it, just as UNDP is accountable to the Government to ensure that its support is in line with national priorities. The accountability of an implementing partner to UNDP does not imply any delegation of authority on the part of UNDP to the Government, any of its employees or in regard to authorities in charge of the project (national director and coordinator).

In legal terms the primary instrument for implementation of development activities is the project document (as referred to in the Standard Basic Assistance Agreement, SBAA, or the respective agreement in place in the case of non SBAA countries). Since 2004, the Country Programme Action Plan (CPAP)¹, and corresponding Annual Work Plans combined represent the minimum requirement for a project document in most countries where UNDP works, as stipulated in the SBAA. The procedures in this manual may be considered to be part of the project document if attached to it, or to the respective CPAP and/or Annual Work Plan (or to a sector programme in which UNDP is a contributing partner).

As part of the UNDP Programme and Operations Policies and Procedures (POPP), this manual will provide the audience with the UNDP project management process and procedures (which are applicable to all implementation modalities) as well as specific requirements and arrangements when a Government is the implementing partner to a project (National Implementation). The procedures contained in this manual are exactly those in respective sections of the POPP. The content of this manual is subject to review and updates as part of the mandatory reviews of the POPP, accessible via the UNDP Intranet². Adherence to these procedures implies that UNDP and the Government agree that such changes will come automatically into force. The manual should be used together with UNDP's Handbook on Planning, Monitoring and Evaluating for Development Results, which provides step-by-step

¹ In 'delivering as one' pilot countries, or countries that are furthering the UN coherence agenda, the UNDAF Action Plan, One UN programme, or equivalent inter-agency programmatic operational framework constitutes the CPAP.

² However, the Programme and Project Management chapters are externally available.

guidance on developing and implementing programmes and projects in a results-oriented manner.

OVERVIEW

Fiduciary, Legal and Accountability Issues

Legal Basis and Definitions

On 28 January 2005, UNDP's Executive Board approved the new [UNDP Financial Regulations and Rules](#) including the new definitions of 'execution' and 'implementation'. These enabled UNDP to fully implement the Common Country Programming Processes resulting from the United Nations Development Group (UNDG) simplification and harmonization initiative³. This approval marked UNDP's shift from non-harmonized programming arrangements to harmonized programming arrangements (called "harmonized operational modalities" in the financial regulation quoted below) .

Per Article 27 of UNDP's Financial Regulations and Rules, the term 'execution' means:

- a) "For UNDP programme activities not carried out under the harmonized operational modalities established in response to General Assembly resolution A/RES/56/201⁴, assuming the overall management of specific UNDP programme activities and the acceptance of accountability to the Administrator for the effective use of UNDP resources;
- b) For UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution A/RES/56/201, assuming the overall ownership over and responsibility for specific UNDP programme activities and the acceptance of accountability for results;"

In the same article, the term 'implementation' is defined as:

- a) "For UNDP programme activities not carried out under the harmonized operational modalities established in response to General Assembly resolution A/RES/56/201, the procurement and delivery of UNDP programme activity inputs and their use in producing outputs.
- b) For UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution A/RES/56/201, the management and delivery of programme activities to achieve specified results including the procurement and delivery of UNDP programme activity inputs and their use in producing outputs, as set forth in a signed document between UNDP and the implementing partner;"

³ Please see <http://www.undg.org/index.cfm?P=226> for more information.

⁴ [Triennial Comprehensive Policy Review](#), TCPR, A/RES/56/201

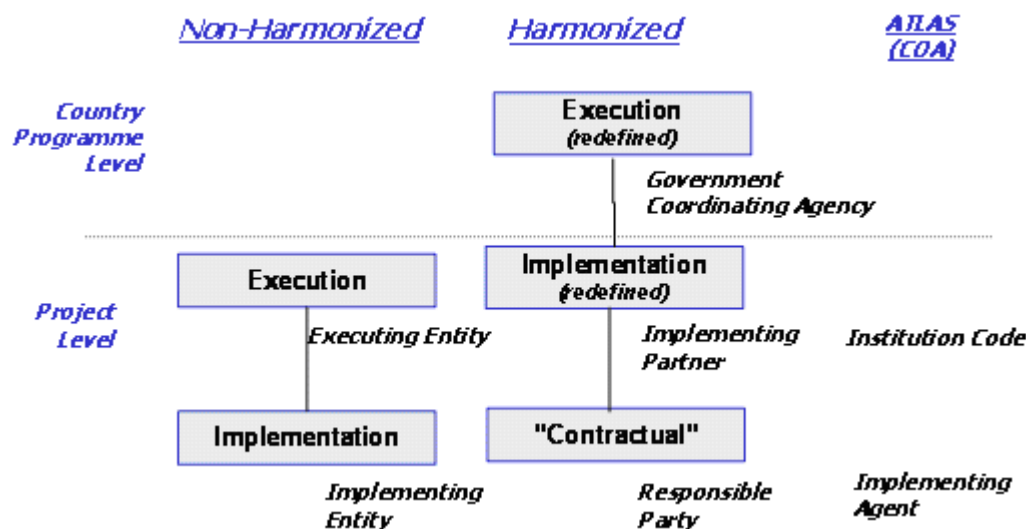


Table: Relationships under harmonized and non-harmonized programming arrangements

The introduction of Country Programme Action Plans (CPAPs) and the shift to harmonized arrangements is taking place over time. Most UNDP country programmes are now under these new arrangements. In order to ensure a simplification of the present procedures, the terminology that will be used and the processes described throughout this document are that for harmonized programming arrangements (see table above for a graphic description of the change).

Therefore, in these procedures:

- 'Execution' means the assumption of the overall ownership over and responsibility for specific UNDP programme activities and the acceptance of accountability for results;
- 'Implementation' means the management and delivery of programme activities (or projects) to achieve specified results including the procurement and delivery of UNDP programme activity inputs and their use in producing outputs, as set forth in a signed document between UNDP and the implementing partner;
- 'Implementing Partner' is the entity responsible and accountable for managing a project - including the monitoring and evaluation of project interventions - and achieving project outputs, and for the effective use of UNDP resources;
- 'Responsible Party' is an entity selected to act on behalf of the Implementing Partner on the basis of a written agreement or contract to purchase goods or provide services using the project budget.

Operational Legal Framework

The Executive Board's approval of a country programme provides UNDP with a mandate to fulfil the approved programme in a country. The subsequent approval and signature of the CPAP by the Government Coordinating Agency (the government entity designated to coordinate UNDP activities) constitutes an agreement between UNDP and the Government on an action plan to execute that programme. Details of specific UNDP interventions are outlined in an Annual

Work Plan for countries that have chosen to adopt the CPAP. These articulate an agreement to implement a project in accordance with the Standard Basic Assistance Agreement between the Government and UNDP. Under such an agreement, implementing partners are accountable to UNDP for the use of UNDP resources and the production of identified outputs.

The following documents are used to operationalize such legal arrangements (Also see Annex 1 Legal Framework):

Standard Basic Assistance Agreement (SBAA). The legal agreement between the (programme country) Government and UNDP outlining general conditions for UNDP cooperation under which all UNDP programme activities are carried out. Where there is no SBAA (i.e. when the Special Fund or Technical Assistance Agreements are still in use), a standard annex (called ‘Supplemental Provisions’) to the project document is used.

Country Programme Document (CPD). A document approved by the UNDP Executive Board to mandate UNDP to work for agreed development results in a country.

Country Programme Action Plan (CPAP)⁵. A legal agreement between the Government and UNDP to execute the country programme. For the UNDP country programming cycle, the country programme document and CPAP are the key tools for programme-level management.

Annual Work Plan/Project Document. From a legal perspective, the term “project document” as defined in the SBAA refers to the combination of the Annual Work Plan (see [project document template](#) for CPAP countries), and CPAP⁶. The annual work plan is a legal agreement between UNDP and the implementing partner to implement activities under a specific annual work plan within a calendar year, as identified in the CPAP signed between the Government and UNDP. The annual work plan of the current year should be signed each calendar year. As most UNDP projects have a duration covering multiple calendar years, annual work plans for subsequent years are added as required for resource planning and mobilization purposes. The level of detail in the annual work plans for subsequent years, provided at the beginning of the project, need not be complete and may contain only the agreed activities and contractual commitments. However as plans progressively become current, the respective annual work plan for a given year should be completed in detail prior to its signature. Project budgets in Atlas are entered and revised accordingly.

In addition to the above minimal requirements for a project document, a country office, based on the local context and in consultation with the Government, may decide to include additional requirements for the implementation of projects. For example, a government may still wish to require their signature on each annual work plan.

Accountability System

The UNDP Executive Board in its second session in September 2008 approved the [UNDP Accountability System](#), comprised of two components:

⁵ In ‘delivering as one’ pilot countries, or countries that are furthering the UN coherence agenda, the UNDAF Action Plan, One UN programme, or equivalent inter-agency programmatic operational framework constitutes the CPAP.

⁶ If there is a signed CPAP or UNDAF Action Plan and if all required background information about a project has been sufficiently covered, then the minimum documentation needed for the project is an AWP. Otherwise, a ‘full project document’ is required.

The **Accountability Framework** describes organization-wide processes for monitoring, analysing, and improving performance in all aspects of organizational policy, management processes and operational procedures in support of the UNDP Strategic Plan 2008-2011 (extended to 2013);

The **Oversight Policy** details the specific procedures, and timing for providing UNDP management and its stakeholders with independent assurance and evaluation of UNDP work at all levels of programmatic interventions.

The guiding principles of accountability include:

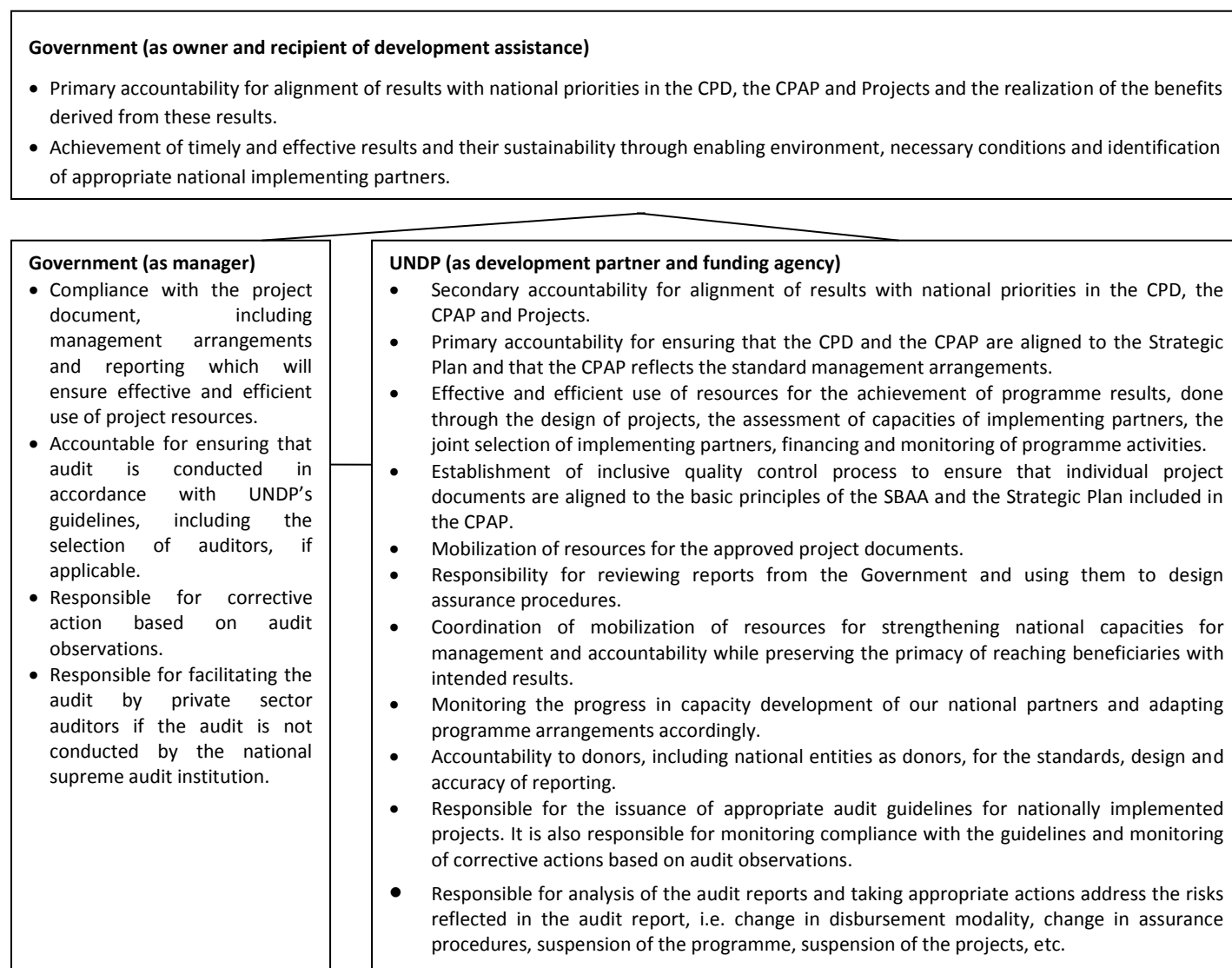
- Ownership of corporate goals: Managers are responsible for achieving corporate goals across units – irrespective of their functional positions;
- Delegated authority: authorities, responsibilities and accountabilities are clearly defined and formally delegated;
- Duty of self-informing: Managers and staff are responsible for informing themselves of relevant policies and standards;
- Risk and cost-benefit considerations: In decision making, risks, costs and benefits should be duly considered;
- Performance monitoring: Obligation to disclose performance through regular reporting on results and financial matters;
- Personal integrity of highest standards: Applying the principle of self-attestation and ethical conduct.

Programmatic responsibility:

- Donors – provide aid that supports country development strategies;
- Programme country Governments – use aid and other resources effectively and take ownership of programme outcomes;
- UNDP and Partners – provide funding and programme support in agreement with UNDP global, regional and country programmes.

In terms of accountability, there is a tripartite relationship (see Figure 1) between the Government as the owner and recipient of development assistance, the implementing partner as the manager, and UNDP as the development partner and funding agency. The implementing partner can be a national implementing partner (the norm), an UN agency, a Civil Society Organization (CSO), an Inter-governmental Organization or UNDP.

Figure 1: Tripartite relationship



The Government has multiple roles and these are discharged through different government agencies playing the roles of coordinating agency, cooperating agency and national implementing partner. The relations between the concerned legal entities, their accountabilities and their roles in the country programme and project management can be summarized in figure 2.

| | | | PARTIES | | | | |
|--------------|-----------------|--|--|--|---|--|--|
| | | | Government Coordination Agency | UNDP Country Office | Government Cooperation Agency | Implementing Partner | Responsible Party |
| | | | Programme Level <ul style="list-style-type: none">•Ensure alignment to national priorities and creating national ownership of Country Programme results through development and approval of CPAP•Identify national capacities for implementation of programme whilst ensuring management arrangements in place to ensure CPAP management and implementation.•Monitor and coordinate implementation of programme whilst ensuring national audits and oversight of CPAP.•Provision of enabling environment and conditions for CPAP outcomes/outputs.•Designate Government Cooperating Agency as a representative of the Government in the process of project implementation. Project Level <ul style="list-style-type: none">•Joint selection of IPs•Oversight of project outputs | Programme Level <ul style="list-style-type: none">•Provide expertise to development of CPD and CPAP to ensure quality and alignment w/ Strategic Plan. Ensuring management clauses are included in the CPAP and are adhered to. Project Level <ul style="list-style-type: none">•Assess of Govt. capacity and choice of disbursement modality.•Ensure effective and efficient use of resources through project design, joint selection IPs and monitoring of activities•Appraise and approval of projects as well as oversight.•Transferring funds for the implementation of individual projects. | Programme Level <ul style="list-style-type: none">•Advice to Outcome Board as appropriate Project Level <ul style="list-style-type: none">•Government's participation in project through Government contribution and enabling environment for project•Ownership of project outputs | Programme Level <ul style="list-style-type: none">•Advice to Outcome Board as appropriate Project Level <ul style="list-style-type: none">•Agree to implement project in accordance with project document (however, NGO can't sign project document)•Delivery of outputs•Efficient/ effective use of project resources•Supervision of responsible parties | Programme Level <ul style="list-style-type: none">•N/A Project Level <ul style="list-style-type: none">•Delivery of goods and services•Ensure accountability as specified in contract |
| ARRANGEMENTS | Programme Board | <ul style="list-style-type: none">•Mechanism for consultation and management decisions based on consensus on country programme issues.•Responsible for the oversight of the Country Programme Action Plan (CPAP)•Responsible for the integration of individual outcomes within UNDP, as well as their contribution to the overall UN Country Team efforts as documented in the UNDAF results matrix. | <ul style="list-style-type: none">•Co-Chair of Programme Board | <ul style="list-style-type: none">•Co-chair of Programme Board•Programme Manager | | | |
| | Project Board | <ul style="list-style-type: none">•Responsible for making by consensus management decisions for a project when guidance is required by the Project Manager | <ul style="list-style-type: none">•Senior Beneficiary in Project Board as appropriate | <ul style="list-style-type: none">•Senior Supplier role and Assurance role in Project Board | <ul style="list-style-type: none">•Executive role and/or Senior Beneficiary role in Project Board•Project Support role | <ul style="list-style-type: none">•Project Board (Senior Supplier)•Project Manager | <ul style="list-style-type: none">•Senior Supplier role in Project Board as appropriate•Project Team role |

Figure 2: Management Arrangements

Applicable policies and procedures

As mentioned above, within the National Implementation of UNDP projects, the Government is responsible for the management and delivery of programme activities to achieve project outputs. Government regulations, rules and procedures therefore apply to project implementation to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Please refer to Financial Regulation 16.05 below:

- “The administration by executing entities or, under the harmonized operational modalities, implementing partners, of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP.
- Where the financial governance of an executing entity or, under the harmonized operational modalities, implementing partner, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition that of UNDP shall apply.”

Compliance with the principles of the Financial Regulations and Rules of UNDP shall be assessed during the evaluation of capacity of the implementing partner. Potential shortcomings may lead to one or both of the following situations:

- UNDP and the implementing partner agree upon specific management arrangements and procedures for project implementation which will complement governmental policies and procedures. Such agreement shall be materialized through a special annex to the project document.
- UNDP provides support services to national implementation as a Responsible Party. Such services, and the cost involved, shall be detailed in a Letter of Agreement (for support services under national implementation). As the support services will be provided by UNDP, usual UNDP regulations, rules and procedures apply.

National Implementation and Capacity Development Considerations

Member States have called on the United Nations (UN) development system to enhance efforts to support national capacity development. This is to be achieved through support to efforts to: a) establish and maintain effective national institutions; b) formulate and implement national strategies for capacity development, as requested.⁷ UNDP defines capacity development as “the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.”⁸

- Capacity development enables national institutions to better plan, manage and deliver on national development priorities, being critical for grounding decision-making and ensuring strong national ownership of development plans and resource management. Developing such capacities through strengthening national institutions is necessary to achieve sustained progress along human development goals. This defines UNDP’s core contribution to development outlined in the UNDP Strategic Plan⁹.

As detailed in this manual, the capacity of the selected implementing partner is assessed and appraised prior to being designated implementing partner. Capacity gaps and challenges related to implementing partners observed at the implementation level of UNDP projects provide an opportunity for a discussion between UNDP, the Government Coordinating and Cooperating Agencies, and national implementing partners on what options are available to address national implementation capacities in a systematic manner through capacity development support. This should ideally relate to national development programmes and projects at large with a focus at the institutional level and not be limited to implementation of UNDP projects. Some additional considerations to take into account include:

- Capacity development strategies (such as on-the-job training, guided ‘learning by doing’ efforts, coaching and mentoring programmes, institutional twinning, and the introduction and sustained use of appropriate tools and systems) should be integrated into the project purpose and design and fully resourced and seen as a value-added contribution from UNDP.
- Projects are by their very nature transient. Capacity development with the specific purpose of implementing a project will not always be sustainable or institutionalized. Therefore, specific actions at project level need to be clearly articulated to strengthen capacities to sustain longer term results.
- When UNDP engages in developing capacity of the national implementing partner for implementing a UNDP-funded project, it is essential to clarify roles and responsibilities from the outset.

⁷ Refer to A/RES/62/208 (TCPR, <http://www.un.org/Docs/journal/asp/ws.asp?m=A/RES/62/208>), the principles of making aid effective (outlined in documents such as Paris Declaration on Harmonization and Alignment and the Accra Agenda for Action), the 2005 World Summit Outcome document (<http://www.un.org/summit2005/documents.html>) and the UNDP Aid Effectiveness site (<http://www.undp.org/capacity/aid.shtml>).

⁸ See <http://www.undp.org/capacity/resources.shtml> for further resources on capacity development.

⁹ See <http://www.undp.org/execbrd/pdf/dp07-43Rev1.pdf> for UNDP Strategic Plan.

PROCESSES AND PROCEDURES

UNDP Programming Process¹⁰

UNDP programming process at the country level is founded on the United Nations (UN) system's programming process normally called the Common Country Assessment/United Nations Development Assistance Framework (CCA/UNDAF) process. Following points characterize the CCA/UNDAF process:

- National ownership that is inclusive of all stakeholders in all stages of the process;
- Alignment with national development priorities, strategies, systems and programming cycles;
- Inclusiveness of the UN system with full involvement of specialized and non-resident agencies;
- Integration of the five UN programming principles tailored to the country context :
 - the human rights-based approach,
 - gender equality,
 - environmental sustainability,
 - results-based management,
 - capacity development;
- Mutual accountability between UN and national counterpart for development results.

There are four main steps in the UN systems programming process:

- (1) Road Map;
- (2) Country Analysis;
- (3) Strategic Planning;
- (4) Monitoring and Evaluation.

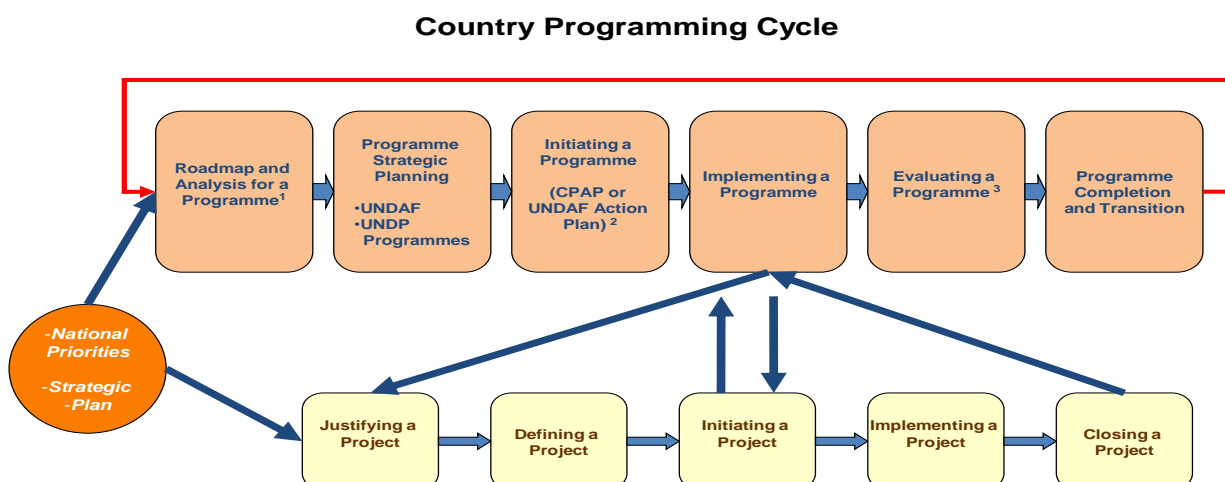
While these steps are mandatory, United Nations Country Teams (UNCTs) may undertake each step in a flexible manner in response to the national context and with a view to meeting the minimum requirements. The Programme Management section of UNDP Programme and Operations Policies and Procedures (POPP) details the CCA/UNDAF process as part of UNDP's programme management policies and procedures.

The UNDP programme and project cycles are underpinning processes that provide UNDP with the ability to deliver results. Within these processes, a series of actions are carried out including

¹⁰ Please refer to <http://content.undp.org/go/userguide/results/programme/?lang=en#top> for further details on UNDP's programme management policy.

the definition of a clear hierarchy of results (outputs¹¹ contributing to outcomes¹²) and continuous monitoring of progress towards these specified results.

UNDP programmes are strategic programmatic responses to contribute towards achieving selected outcomes at country, regional and global levels, formulated through an inclusive approach. Figure below represents the process flow of a programme. For each process, [the Programme Management section](#) of the POPP provides guidance to ensure that appropriate UNDP policies are followed, key stakeholders are kept informed, appropriate management structure exists, results are monitored, and the programme results are well managed.



FOOTNOTES:

^{1/} UN/UNDP country analysis takes place as part of and in accordance with the CCA/UNDAF process.

^{2/} Not applicable for regional and global programme.

^{3/} A country programme evolves from the previous cycle and rolls over to the next cycle. In this process, learning and knowledge management is continuous. As a given country programme cycle reaches the end, lessons learned including especially from evaluations should be systematically used to shape the next programme and to decide which of the existing programmatic work would roll over and which would not.

Figure: Overall flow diagram of UNDP programme and project cycles

The figure illustrates the major steps in the lifecycle of UNDP programmes (the relevant subsection of the Programme Management section of the POPP is mentioned under each step below):

1. The cycle begins with UNDP's participation in the preparation of the Road Map for the CCA/UNDAF process as given in the United Nations Development Group (UNDG) guidelines [How to Prepare an UNDAF](#); the first programmatic step is the analysis for the corresponding country, regional or global programme. At country level this is carried out as part of UN common analysis process. Further details are given in the Analysis for a Programme section;
2. The next step is the preparation of the respective UNDP country, regional or global programme through an inclusive process with the participation of all relevant stakeholders.

¹¹ Outputs are short-term development results produced by project. They must be achieved with the resources provided for the project and within the project time-frame

¹² Outcomes are actual or intended changes in development conditions that interventions are seeking to support

At country level this is carried out as part of the preparation of the UNDAF process, in which UNDP participates actively and fully. The initial monitoring and evaluation frameworks of the UNDP programmes are also prepared during this phase. Programmes are appraised and approved at the end of this phase. Further details are given in the Programme Strategic Planning (formerly Defining a Programme) section of the POPP;

3. The “Initiating a Programme” phase is the stage in which operational details and management arrangements are developed and the initial monitoring and evaluation (M&E) framework is elaborated in readiness to implement. It also includes setting up of the results elements for monitoring in Atlas (the UNDP corporate management system) and the UNDP Results-Based Management (RBM) Platform. At the country level this relates to the preparation of the Country Programme Action Plan (CPAP). Further details are given in the Initiating a Programme section;
4. During the “Implementing a Programme” and “Evaluating a Programme” phases the planned programmatic actions including monitoring and outcome evaluations are carried out. These phases also involve keeping the programmes continuously relevant through implementing revisions as necessary and agreed at reviews of stakeholders following monitoring and evaluation activities and reviews. Further details are given in the Implementing a Programme and Evaluating a Programme section of the POPP;
6. The “Programme Completion and Transition” phase ensures learning from the current cycle and transition to the subsequent programming cycle. Further details are given in the Programme Completion and Transition section of the POPP.

UNDP country programmes, unlike their constituent projects, do not often start from a substantive zero point or end with complete achievement of all the envisaged outcomes. While the UNDP programmes have fixed time durations, substantively, they normally flow from one programme and transit into another. The processes and planning documents mentioned above contribute to achieving a country’s national development priorities consistent with the Millennium Development Goals (MDGs). The results expected from the programme activities of the members of the UN Country Team, including UNDP and its Associated Funds and Programmes, are identified as “outcomes” and “outputs” agreed by the government in the UNDAF results matrix. The UNDP Country Programme is more directly concerned with generating programmatic contributions specifically agreed by UNDP in order to help (?) achieve selected national outcomes. The UNDP Project Cycle is concerned with delivering the outputs required to contribute to the programme-level outcomes through UNDP interventions.

In the context of this Manual, the term “UNDP programme” refers to the UNDP Country Programme. At the discretion of each country office, this programme may be managed into a set of portfolios or sub-programmes, typically organized into appropriate practice or sector-based groupings.

With regard to the project cycle, more detailed explanations are given under the section on project management below.

Preparing the CPAP (Initiating a Programme)

Description

The preparation of the CPAP involves UNDP, Government, intended implementing partners and other national counterparts as applicable. UNDP and the Government Coordinating Agency sign the CPAP.

The CPAP constitutes the legal agreement between UNDP and the Government to execute the country programme. The CPAP further details the programme design and capacity development strategies outlined more strategically in the country programme document. It details the programme, the major results expected and the strategies for achieving these results and clarifies the arrangements for programme/project implementation and management. In short, the CPAP is the operational master plan that guides the development and delivery of projects, linking programme management to project management in the endeavour to manage for results.

The CPAP and annual work plans together constitute the project document as referred to in the Standard Basic Assistance Agreement (SBAA). Annual work plans, which form an integral part of, and are incorporated by reference into, the CPAP, are the legal agreements between UNDP and implementing partners to implement a specific project within a calendar year as identified in the CPAP. To the extent possible, UNDP and partners will use the minimum documents necessary, namely the signed CPAP and signed annual work plans to implement programmatic initiatives. However, it should be noted that many countries have found that this basic format of the annual work plan is often inadequate to capture the multi-year nature as well as accountability and risk management requirements of UNDP projects. Consequently UNDP has expanded the narrative part of the basic annual work plan format in order to capture those elements that need to be captured by its project documents. As necessary and appropriate, project documents would be prepared using, inter alia, the relevant text from the CPAP, and annual work plans.

Identifying and selecting implementing partners

Legal context

The following UNDP Regulations and Rules govern the selection of implementing partners:

Regulation 17.01 (a): “In consultation with and with the agreement of the programme country Government, the Administrator shall select a single executing entity or, under the harmonized operational modalities, implementing partner, among the designated entities for each specific UNDP programme activity.”

Rule 117.01(a): “The authority to select executing entities or, under the harmonized operational modalities, implementing partners, and responsibility to oversee their performance is delegated to the Associate Administrator. The Associate Administrator may delegate this authority, through the Regional Bureau Director concerned, to UNDP resident representatives in the programme countries;

Rule 117.01 (b): The Associate Administrator shall issue operational procedures and guidelines governing the selection of executing entities or, under the harmonized operational modalities, implementing partners”.

Operational context

UNDP selects a single implementing partner for each programme activity or project in consultation with the Government coordinating agency and with its agreement. The identification and selection of an implementing partner for programme activities may be undertaken before, during or after the preparation of the CPAP. In all cases, the selection is done in accordance with the detailed procedures set out below in the *Project Management chapter, section on Defining a Project*. The guidelines below describe principles and criteria for the identification and selection of implementation modalities which will usually occur during CPAP preparation.

During CPAP preparation, implementation modalities and, in some cases, potential implementing partners for specific projects will be identified. The following scenarios may apply:

- Implementing partners may be managing ongoing projects, i.e., projects that began in the prior programme cycle. In other words, the implementing partners for these activities are already in place. In such cases, the CPAP formulators may wish to either reconfirm that the current partner will continue or propose a new partner.
- Intended results are included in the CPAP, but a project document and annual work plan have not yet been prepared. In these cases, the CPAP formulators should propose candidates for implementing partner or categories of partners whose selection would be undertaken after the CPAP is agreed. In these cases, the inclusion of partners’ names is indicative only.
- Intended results are included in the CPAP and a project document and annual work plan have been prepared. In this case, the implementing partner will have been selected in accordance with the procedures described in *Project Management, Defining a Project*, and included in the CPAP as the designated partner.

During the life of the CPAP, any new project proposals, for which intended results are not in the agreed CPAP, must be approved by the Government Coordinating Authority and UNDP, subject to the availability of resources. Obviously, the implementing partners for such projects would be unknown at the time of CPAP preparation. The selection of implementing partners for such projects will follow the procedures referred to above under *Project Management, Defining a Project*.

The Role of an Implementing Partner

UNDP Financial Rules and Regulations 27.02 (i) (definitions) defines the implementing partner as “the entity to which the Administrator has entrusted the implementation of UNDP assistance specified in a signed document along with the assumption of full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs, as set forth

in such document.” In other words, the implementing partner is responsible for managing the project and achieving the results defined in the relevant documents. The accountability of an implementing partner is specifically defined as the responsibility to:

- Report, fairly and accurately, on project progress against agreed work plans in accordance with the reporting schedule and formats included in the project agreement;
- Maintain documentation and evidence that describes the proper and prudent use of project resources in conformity with the project agreement and in accordance with applicable regulations and procedures. This documentation will be available on request to project monitors and designated auditors.

An implementing partner may enter into agreements with other organizations or entities, known as Responsible Parties who may provide goods and services to the project, carry out project activities and produce project outputs. Responsible parties are accountable directly to the implementing partner.

Possible Implementing Partners

Regulation 17.03b: “Subject to conditions established by the UNDP Executive Board, consideration shall be given to the selection of Government entities, organizations of the United Nations system, and the United Nations Office for Project Services, as well as inter-Governmental and non-Governmental organizations and UNDP itself, as implementing partners for specific programme activities.”

UNDP, in consultation and agreement with the Government, may select an implementing partner for a project from one of five different types of partner organizations. These categories are:

- Government entities. The use of a Government entity is referred to as national implementation. Eligible Government entities include:
 - A ministry of the Government;
 - A department within a ministry; or
 - A Governmental institution of a semi-autonomous nature, such as, the central bank, a university, a regional or local authority or a municipality.
- United Nations agencies.
- Non-Governmental organizations (NGOs).
- UNDP itself. The use of UNDP as the Implementing Partner is referred to as direct implementation.
- Inter-Governmental organizations that are not part of the UN system. The intention is that these are to be used mainly for the implementation of UNDP regional programmes.

Principles for selecting national implementation by government

The following sections describe the selection principles that pertain. National implementation of programme activities will be appropriate when:

- The project is part of a country (not regional) programme.
- There is a Government entity directly concerned with the project's activities and results.
- There is a Government entity whose intended role is to sustain project results.
- The relevant Government entity has minimum adequate capacity and is committed to carrying out the project as determined by a capacity assessment.

Detailed instructions for selection of an implementing partner

Detailed instructions for selection of an individual Implementing Partner are provided below in *Project Management, Defining a Project*.

Implementation of the Programme (Running a Programme)

Description

Based on the signed [CPAP](#), a programme is implemented through a set of projects that generate outputs. Running a programme includes ensuring that all the outputs as identified in the [CPAP](#) are produced and that they contribute to achieving the national outcomes that are envisaged in the [UNDAF](#) and country programme document.

To do so, UNDP in collaboration with the Government Coordinating Agency, monitors and coordinates the outputs being generated from projects as given in the [CPAP](#). UNDP and the Government Coordinating Agency must ensure that outputs of different projects inter-relate cost-effectively and also the timely development of relevant new projects in the programme's pipeline. These activities and monitoring the achievement of the appropriate milestones identified for the outcome indicators enables UNDP to jointly review progress with the Government Coordinating Agency, partners and UNCT colleagues, and report accordingly to stakeholders.

UNDP should build in the review of its [CPAP](#) within the [UNDAF Annual Review](#) process, avoiding a major separate review in order to reduce transaction cost. [UNDP Implementation of UNDAF Annual Review](#) describes how UNDP, in collaboration with Government, UNCT members and other stakeholders including civil society, bilateral donors etc, carries out the annual review of CPAP as part of the [UNDAF Annual Review](#). The annual review should verify that the recommendations of the previous annual review were appropriately followed-up by the parties concerned and make suggestions/recommendations to overcome any new issues or seize opportunities identified. It should also ensure that theme group analyses are considered. The conclusions and recommendations from the annual review enable UNDP to update the [CPAP](#) for the coming year, review and finalise project revisions and annual work plans, and prepare a results-oriented annual report to UNDP headquarters and also satisfy any other reporting required by stakeholders.

Relevant Policies

Review Process and Revision of CPAPs

While the [CPAP](#) may be substantively revised at any time (as indicated below, within the framework of the country programme as approved by the [Executive Board](#)), the annual review provides a regular opportunity to systematically review the full CPAP within the context of UNDAF, and make any changes to the direction of the programme as well as to the allocation of resources. Any changes that deviate from the country programme as approved by the Executive Board should be submitted to the Regional Bureau for consideration. Regional Bureau Director in consultation with other relevant Headquarters units such as Executive Board Secretariat, [OSG](#) will review the proposed changes and advise on suitable action to ensure adherence to [Executive Board](#) policy and decisions. See also [Changes to the country programme document](#).

Monitoring

Monitoring is a continuous function that aims primarily to provide the main stakeholders of a programme or project with early indications of the quality, quantity and timeliness of progress towards delivering intended results.

The policy on monitoring is as follows:

All outcomes to which UNDP is contributing through aligned activities and planned outputs must be monitored regardless of budget and duration. Information derived from project and outcome evaluations may be useful in monitoring, likewise, monitoring data may feed evaluations.

In accordance with the monitoring and evaluation plan, each outcome will have prescribed who is responsible for monitoring data collection, how often it will be collected, who will receive it and in what form.

An annual internal CPAP review, based on the findings and lessons from annual work plans/annual project reviews, SPRs, thematic group comments, project evaluations and outcome evaluations will be conducted during the fourth quarter of the year. This meeting will enable UNDP to assess the performance of ongoing and recently completed projects and aligned initiatives, articulate the preparation of the results-oriented annual report to UNDP headquarters and issues that should be discussed with national partners, including Government Coordinating Agency pertaining to CPAP. The review will be structured to support the annual UNDAF review, guided by established common standards. The review will be subject to spot external quality assurance assessments.

Each outcome has a body responsible for the monitoring progress on achievement, and the extent to which lessons are being fed back into programming. All outcomes should be reviewed at the annual CPAP review.

UNDP Implementation of UNDAF Annual Review Process

The guidelines referred to in the link include key principles behind the implementation of the UNDAF annual review, which include the reduction of transaction costs by harmonizing with the common country programming process; and the efficient and effective oversight over the CPAP and its operations, in compliance with the programme and project management section of the Policies and Procedures. The purposes of the UNDAF annual review are to:

- Ensure UNDP's efficient and effective contribution to the UNDAF annual review process;
- Assess the achievement of the overall annual targets of UNDP funded activities in the context of UNDAF, to input to the UNDP results-oriented annual report to headquarters;
- Identify and address operational issues of the CPAP implementation and modify CPAP if required.

At each stage of the UNDAF annual review process, UNDP will carry out: (1) annual work plan reviews; (2) Preparation of standard progress report (SPRs); (3) Thematic Analysis; (4) UNDAF Annual Review Meeting. The following are expected to be delivered by the process:

- Updated annual work plans and annual work plan monitoring tool matrices for forthcoming year;
- SPR(s) for the programme components;
- Agreed updated [CPAP](#).

Project Management

Description

Projects are integral components of a UNDP country regional or global programme. At the country level they are also imbedded in the Country Programme Action Plan (CPAP) or United Nations Development Assistance Framework (UNDAF) Action Plan (as applicable). The project cycle begins by justifying a project's business case based on the initial articulation in the country programme, and ends with achievement of outputs to be assessed in the programme review. The rounded-corner rectangles in the centre of the diagram in the figure below represent the processes of a project, essentially the high-level activity areas starting and ending at decision points that must be complied with to manage a project.

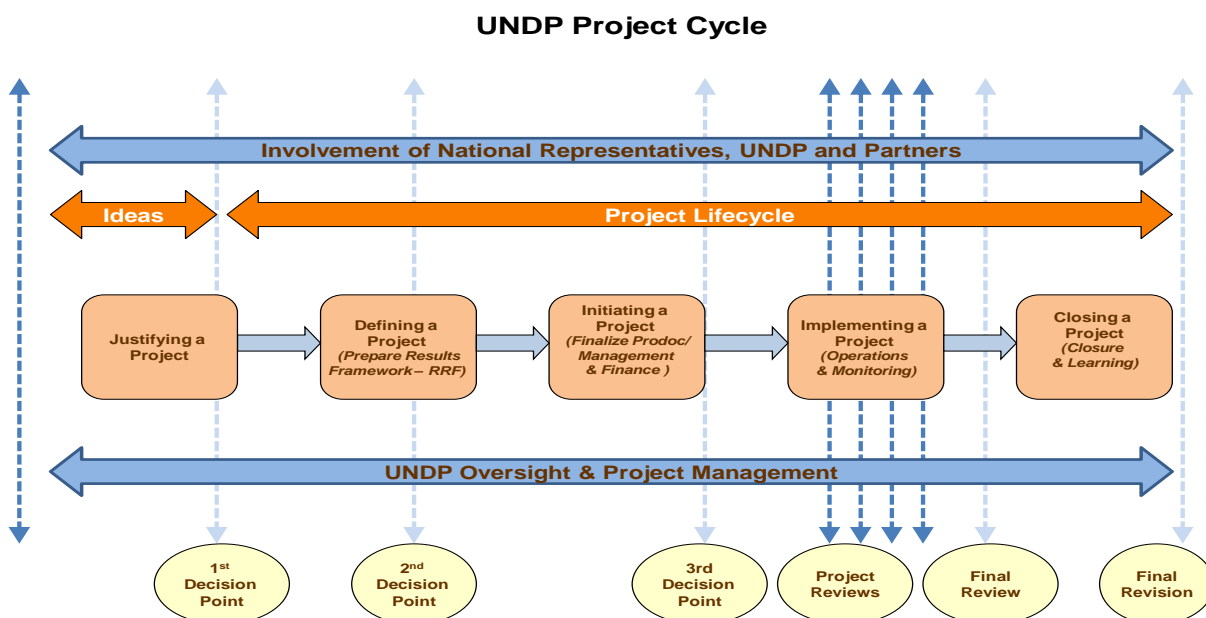


Figure: The UNDP Project Cycle

This approach covers the entire project life cycle from idea generation to formulating a project, implementing the activities in the project, monitoring and evaluating the project, and realizing project outputs and their intended contribution to programme outcomes. At each process, the [Project Management section](#) of the UNDP Programme and Operations Policies and Procedures (POPP) will provide information to ensure appropriate UNDP policies are followed, key stakeholders are kept informed, appropriate project management structure exists, outputs and activity deliverables are monitored, and the project is well managed.

The diagram also illustrates (with dotted lines) the key management review points within the cycle. The dotted lines at the far left and far right indicate the start and stop points of the project management cycle, and the other dotted lines indicate management approval or decision points between or within processes. The dotted lines intersecting the “Implementing a

Project” process indicate that there will be reviews at each major decision point during the implementation of the project, as many or as few as required to ensure that the project is under control (these reviews are typically aligned with calendar years).

The bottom ovals in the diagram indicate different review mechanisms applicable to UNDP projects to make approval decisions. For example, the first three “Decision Point” ovals are points to consider the questions:

- 1st (Primary) Decision Point: Is this project the best response to the country needs as identified in the country programme? Will it contribute **substantially** to the results expected from the UNDP programme?

This decision is made by UNDP country office management, to confirm the project idea as initially identified during development of the country programme;

- 2nd (Secondary) Decision Point: Is the project scope realistic – both with regards to the outputs and the specified time frame? How can the expected outputs be achieved most effectively? **Do these intended outputs contribute to related national outcomes?** This decision is considered during appraisal of the project by the local Project Appraisal Committee (PAC) to review the project scope and approach;

- 3rd (Tertiary) Decision Point: Does the design of the project demonstrate an achievable plan to implement and assess progress towards delivering results to ensure success? Is monitoring clearly defined?

This decision is considered by the Project Board when reviewing a detailed project budget and activity schedule.

“Project Reviews” indicates multiple scheduled decision points that must be made while a project is being implemented typically at monitoring and evaluation events, to answer the questions: Is the project still relevant? Is the project yielding the desired results? **Are those results still relevant and effectively contributing to the intended higher-level outcome?** Is the project being run as planned? Is there a need to redesign, cancel or modify the project in any way in order to ensure meaningful contribution to development results?

Further information can be found under the sub-sections below on the main project processes.

Justifying a Project

Description

The primary purpose of the project justification process is to answer the questions: “Is this project the best response to the country needs as identified in the country programme? Will it contribute substantially to the results expected from the UNDP programme?” The overall justification and rationale for a project are developed in either:

- The country programming processes “[Programme Strategic Planning \(formerly called Defining a Country Programme\)](#)” and “[Initiating a Country Programme](#),” as described in the UNDP Programme and Operations Policies and Procedures (POPP), where country-level plans are documented in the Country Programme Document and Country Programme Action Plan (CPAP) or United Nations Development Assistance Framework (UNDAF) Action Plan as applicable; or
- The present process ("Justifying a Project"), as unplanned opportunities are presented in crisis and special development situations, when a rapid change in a country's situation requires different priorities, or in newly emerging development areas.

The purpose of this process is to capture the project idea or concept, test it against UNDP's corporate planning instrument (the [UNDP Strategic Plan](#)) and country-level strategies for achieving development results (national development strategies, UNDAF, CPD and CPAP or UNDAF Action Plan as applicable), and make a decision whether to further develop the project concept into a project to be implemented. A key factor to be considered is the potential of the project to contribute significantly to strengthening national capacities and/or changing the development prospects for a large part of the population.

During this process, a project proposal shall be created in [Atlas](#) - the UNDP corporate management system - to capture the project concept and to document the justification of the project by providing the rationale and consistency with the above-mentioned UNDP and country-level strategic instruments.

Relevant Policies

National Ownership

The country programme is typically nationally-owned, a designation that is expressed through a Government Coordinating Agency serving as executing agent. All project results are by extension nationally-owned and entail the commitment of national human and financial resources along with external resources, and this even though the projects/Annual Work Plans (AWPs) may be implemented through various modalities, including but not limited to national implementation by governments.

- UNDP support to projects is provided only at the request of a programme country Government;
- An essential strategy of the UNDP country office is to engage key government officials and other national stakeholders, including those in civil society in a dialogue to analyze

problems and to identify the consultative process that will be followed in deciding what support UNDP should provide in a chosen programme area.

Stakeholder engagement and national ownership should be ensured in justifying a project. Even in special development situations, where no government is in place, efforts should be made to ensure national ownership, for instance by involving representatives of civil society organizations and indigenous peoples at the very outset of the justification process.

Required Documentation

The project justification process will serve as a base for the further elaboration of a project in [Defining a Project](#). There is no mandatory documentation required for this process.

Atlas Requirements

In this process, a Proposal should be created in Atlas to capture the project idea. This proposal, if pursued, becomes the Award, and has one or more outputs linked to it (output = “Project” ID in Atlas). The Award corresponds to annual work plans or projects and, since UNDP allows only one implementing partner per annual work plan, all outputs linked to an award should be implemented by the same implementing partner. In this phase only some general information about the project has to be entered, as indicated in the procedures section 4.0 below. Neither activity details nor budget are required. The purpose of the proposal is to:

- Record all proposed projects in Atlas to assist the office in better managing its pipeline;
- Record the project idea and the decision to either continue with the project or not;
- Capture initial thinking about the major goals and resource mobilization strategy.

Procedures

| Ref. | Step | Tasks and Responsibilities | Atlas Action Points |
|------|------|----------------------------|---------------------|
|------|------|----------------------------|---------------------|

| | | |
|--------------------------------|---|---|
| <p>Project Proposal</p> | <p>country programme level processes, as part of the CPAP OR UNDAF Action Plan definition.</p> <ul style="list-style-type: none"> • A proposal should be developed [normally by UNDP staff member] to provide an initial indication of the project concept. If required by the country office management or other partners, the concept may also be documented in the form of a concept paper. The proposed content includes: <ul style="list-style-type: none"> ✓ Output(s) and linkage to CP outcome(s); ✓ Approach, method and capacity development strategies; ✓ Stakeholder analysis; ✓ Potential Implementing Partner; ✓ Potential main financing partner(s); ✓ Indicative funding requirements. • To decide on further development of the project proposal, the Programme Manager shall validate that the project proposal reflects national development priorities, as well as UNDP strategies and plans as identified in the CPD and CPAP or UNDAF Action Plan, and is consistent with the Strategic Plan. This validation should also consider whether the project has the potential to contribute significantly to the strengthening of national capacities and to making improvements in the development conditions for a large portion of the population. Consideration should also be given to whether the project should be part of a joint programme. • At the end of this process, a Project Developer is also appointed by the Programme Manager to carry out the further development of the proposed project. | <p>Create proposal in Atlas under Grants. Record key information to reflect the outcome to which the project is linked (Atlas field: "Major Goals"), duration, proposed outputs, potential implementing partner and main financing partner (if known), and type of project (whether country or regional project, or a management service arrangement (MSA) under the following sections:</p> <ul style="list-style-type: none"> • Proposal Header; • Major Goals; • Resources Type and comments. <p>The status of the Proposal should be changed, depending on the decision (approval or rejection).</p> |
|--------------------------------|---|---|

Inputs

- **National Human Development Reports;**
- **Strategic Plan, UNDAF, national plans;**
- **Country Programme Document (CPD) and Country Programme Action Plan (CPAP) or UNDAF Action Plan:** project concepts are typically defined in existing programming documents. If the project is outside the scope of the existing CPD and CPAP or UNDAF Action Plan (for instance in response to national disaster or newly emerging development area), the project concept must be clearly defined and justified, and should fall within one of the organization's focus areas;
- **Consultation process with all stakeholders:** Project concepts can be derived from requests from partners including government institutions, civil society organizations, the donor community, or UNDP itself. Any request should be analyzed for alignment with national development strategies, UNDP's corporate planning instrument (the Strategic Plan), the agreed United Nations strategy in the country (the UNDAF) and UNDP's target outcomes specific to the country (CDP/CPAP or UNDAF Action Plan).
- **Evaluations and reviews:** Evidence generated from evaluations and reviews of UNDP and partner agencies should be drawn upon in developing a project concept. All related outcomes and project evaluations should be reviewed, focusing in particular on the management response, follow-up actions and commitments. Evaluations or reviews of

similar work conducted in the same area or utilizing a similar programming approach shall also be used, especially when they could serve as justification for the relevance of further interventions in this area. Please refer to the section on Evaluation below for additional information on UNDP's policies and procedures with regards to evaluations. Step-by-step guidance on conducting and using evaluations can be found in the • [Handbook on Planning, Monitoring and Evaluating for Development Results \[Fr\] \[Es\]](#);

- **Knowledge Products and Communities of Practice Consultation:** Existing knowledge products, such as UNDP policy notes and briefs, how-to-guides, lessons learned, “consolidated replies” and analytical studies, should inform the justification of a project.

Deliverables

| | What is it? | Learn | Do it in Atlas |
|--|---|---|--|
| Atlas developed approved rejected) | <ul style="list-style-type: none"> • Deliverable Description • There is no prescribed template (under Word software) for this deliverable (see headings under 4.0 Procedures above) | On-Demand Training – Justifying a Project | Atlas – Add a new Proposal |

Roles and Responsibilities

In this process, the following roles, as defined in the management structure [section](#) of the POPP, should be involved:

UNDP Staff Member

A UNDP staff member develops the approach, justification and rationale for the project idea in consultation with appropriate partners and stakeholders. This project idea or concept must be documented in Atlas.

Programme Manager

In consultation with the Government Coordinating Agency, the programme manager:.

- Takes primary responsibility during this process to approve the project concept and Proposal in Atlas;
- Ensures that the project justification is consulted and reviewed as appropriate;
- Appoints a Project Developer (it can be the UNDP staff member above or another person) to further develop the project.

For more details, please see [Programme & Project Management Organization Structure](#) in POPP

Additional Information

Check the [Programme and Project Management Resource Center](#).

Defining a Project

Description

The purpose of ‘defining a project’ is to answer the questions: “Is the project scope realistic – both with regards to the outputs and the specified time frame? How can the expected outputs be achieved most effectively? Do these intended outputs contribute to related national outcomes?” To answer these questions, a draft project document/ annual work plan (AWP) is prepared and is appraised in a Project Appraisal Committee (PAC) meeting especially convened for this purpose. The draft project document/annual work plan outlines the project scope, expected outputs in the form of a completed results and resources framework, management arrangements, and project approach incorporating [capacity development](#). The draft project document shall also take into account the principles and approaches for development effectiveness as outlined in the UNDP Strategic Plan. Prior to the PAC, the project shall be reviewed based on [key considerations for quality programming](#). During this process, an Initiation Plan may be created and submitted for appraisal in the PAC along with the draft project document/annual work plan if financial resources are required prior to the actual start of the project (i.e., during the [Initiating a Project](#) process). If this is the case, and following the endorsement of the initiation plan, a budget shall be approved and signed by UNDP in the form of an annual work plan. If a project does not require a budget for the “Initiating a Project” process, the initiation plan is not required.

An important element of this process includes the identification and selection of the implementing partner, based on an assessment of its capacity to effectively manage the project and deliver the intended outputs.

Relevant Policies

Participation

A wide range of stakeholders should participate in the formulation of projects. Stakeholders include any parties with an interest in the project, including target beneficiary groups, civil society organisations, government, the media, UN agencies and donors. In particular:

- The participation of the stakeholders ensures that potential opportunities and risks, including lessons drawn from experience, are taken into account in the project design. This participation promotes ownership, sustainability and commitment, without which the results are unlikely to be lasting.
- Ensuring participation requires investment of time and resources, for which adequate provisions should be made;
- Women participation, and participation of disadvantaged groups including indigenous groups as applicable, should be ensured throughout the project cycle. For involvement of civil society organizations and participation and consultation with indigenous peoples, please see [“Assessing Partnerships with Civil Society Organizations and Indigenous Peoples”](#).

Required Documentation

A draft Project Document shall be prepared and submitted to the Project Appraisal Committee for review and appraisal. This document should contain:

- Results to be achieved that are specific, measurable, attainable, realistic, and time-based, through the completion of a Results and Resources Framework and/or annual work plan (see section 2.3 below);
- Management arrangements that clearly articulate project roles, responsibilities, and accountabilities (see section 2.6);
- An initial risk analysis using the standard Risk Log (see section 2.8);
- Initial Monitoring and Evaluation Framework for the project (2.9);
- If it is determined that indigenous peoples may be affected by the project, the project document shall also contain a plan of engagement with indigenous peoples, including a consultation process informed by social and environmental impact assessments. For more information, please see <http://content.undp.org/go/userguide/partnerships/formalizing/cso/formalizing-partnerships/?lang=en#top>

Joint Programmes:

- For joint programmes a Joint Programme Document should be prepared and appraised in accordance with the [UNDG Joint Programming Guidance Note – Annex D](#). If UNDP is to be selected as the Administrative Agent under a pass-through fund management option, delegation of authority to carry out this function must be obtained from the Multi-Donor Trust Fund Office. Guidance for the delegation of authority can be found on [“UNDP’s Accountability when acting as Administrative Agent in MDTFs and/or UN Joint Programmes using the pass-through fund management modality.”](#)

Defining Project Results

The articulation of clear and measurable project results is the most important aspect of this process. With clear results defined, the selection of how to do the work, and by whom, becomes clearer. The purpose of the Results and Resources Framework (RRF) is to assist in the definition of project results to support the planning, management and monitoring of development activities. The RRF places the project in its larger framework within the country programme, and ensures consistency among outcomes, outputs, activities and inputs. It translates a concept into a plan for achieving specific results that will contribute to country programme outcomes supporting national development priorities. For further guidance on defining outcomes, outputs and indicators please refer to [Handbook on Planning Monitoring and Evaluation for Development Results](#).

Definitions and Accountabilities of Implementing Partner and Responsible Party

As stated in Financial Regulation 27.02 of the UNDP Financial Regulations and Rules, an **implementing partner** is “the entity to which the Administrator has entrusted the implementation of UNDP assistance specified in a signed document along with the assumption of full responsibility and accountability for the effective use of UNDP resources and the delivery

of outputs, as set forth in such document.” By signing a project document an implementing partner enters into an agreement with UNDP to manage the project and achieve the results defined in the relevant documents. The accountability of an implementing partner is to:

- Report, fairly and accurately, on project progress against agreed work plans in accordance with the reporting schedule and formats included in the project agreement;
- Maintain documentation and evidence that describes the proper and prudent use of project resources ¹³ in conformity to the project agreement and in accordance with applicable regulations and procedures. This documentation will be available on request to project monitors (project assurance role) and designated auditors.

Categories of Possible Implementing Partners

UNDP may select an implementing partner for a project from one of five different types of partner organizations. These categories are:

1. Government entities. The use of a government entity is referred to as national implementation. Eligible government entities include:

- (a) A ministry of the government;
- (b) A department within a ministry;
- (c) A governmental institution of a semi-autonomous nature, such as, the central bank, a university, a regional or local authority or a municipality.

- 2. United Nations agencies that have signed the Implementing Partner Agreement.
- 3. Civil Society Organizations (CSOs).
- 4. UNDP - this is referred to as direct implementation.
- 5. Inter-governmental organizations that are not part of the UN system, in certain instances ^{14[2]} and have signed the Implementing Partner Agreement.

Based on the above operational definition of accountability for implementing partners, the table 1 below summarizes their accountability under various implementation arrangements.

Table: Accountabilities of Implementing Partner under Different Implementation Modalities

| Accountability Component | Implementation Arrangements | | | |
|--|--|--|---|--|
| | National Implementation | Direct Implementation By UNDP | CSO Implementation | IGO or UN Agency Implementation |
| Reporting on Progress towards Achievement of Results | National partner is accountable to UNDP and Government | Resident representative is accountable to UNDP | CSO is accountable to UNDP and Government | IGO or UN agency is accountable to UNDP and Government |

¹³ Prudent and proper use of resources refers to transparency, fairness and integrity in use of resources, compliance with administrative regulations and procedures, and attainment of best value for money.

| | | | | |
|---|---|--|----------------------------|---|
| | Coordinating Agency | Administrator and Government Coordinating Agency | Coordinating Agency | Coordinating Agency |
| Documenting Prudent and Proper Use of Resources | National partner is accountable to UNDP | Resident representative is accountable to UNDP Administrator | CSO is accountable to UNDP | IGO or UN agency is accountable to UNDP |

As stated in the Financial Regulation 17.01 of the UNDP Financial Regulations and Rules, an implementing partner may enter into agreements with other organizations or entities, known as responsible parties, who may provide goods and services to the project, carry out project activities and produce project outputs. Responsible parties are accountable directly to the implementing partner.

A **Responsible Party** is defined as an entity that has been selected to act on behalf of the implementing partner on the basis of a written agreement or contract to purchase goods or provide services using the project budget. In addition, the responsible party may manage the use of these goods and services to carry out project activities and produce outputs. All responsible parties are directly accountable to the implementing partner in accordance with the terms of their agreement or contract with the implementing partner. Implementing partners use responsible parties in order to take advantage of their specialized skills, to mitigate risk and to relieve administrative burdens. The following types of organizations may act as responsible parties: UNDP, other UN agencies, Government agencies, inter-governmental organizations (IGOs), civil society organizations (CSOs) and private firms. Firms and CSOs (except micro-capital grant recipients) shall be selected as responsible parties only on the basis of a competitive procurement process undertaken by the implementing partner. UNDP, UN agencies, IGOs, Government agencies, or CSOs as micro-capital grant recipients are exempted from competitive procurement process and shall be selected under programming modalities (PAC or Project Board decisions). To the extent that responsible parties exempted from competitive procurement process can be identified or anticipated during project formulation, they should be listed in the annual work plan and draft terms of reference for their services should be attached to the project document.

UNDP as Responsible Party. UNDP country offices commonly act as responsible parties for the provision of support services to national implementing partners. These services have traditionally been concentrated in the areas of procurement and recruitment. However, in accordance with the definition of responsible party above, these support services should not be seen as a unique intervention but as UNDP acting in the role of responsible party. As the role of responsible party includes not only the purchase of goods and services but also may include their use in carrying out activities and producing outputs, UNDP services can go beyond the mobilization of inputs. In other words, such UNDP services can include substantive as well as administrative responsibilities. This is particularly important for UNDP Regional Service Centers who are mandated to provide advisory support to country programmes in their respective regions.

UNDP may act as a responsible party for any implementing partner. The legal context for UNDP to act as responsible party is embedded in the CPAP or UNDAF Action Plan and project

document legal sections. As responsible party, UNDP becomes accountable for any services provided under such agreements to the implementing partner and is entitled to reimbursement for the costs of service provision. This cost reimbursement is negotiated at the time of project formulation and included in the project budget.

In the unique case when UNDP provides only direct payments on behalf of an implementing partner, UNDP's accountability is limited to 1) assurance that request has come from an authorized official; 2) verification that the requested payment is in accordance with the project work plan; and 3) verification that payment is made to the designated party.

The following table summarizes the legal instruments used by an implementing partner to engage a responsible party in implementing a project. The accountability of a responsible party to an implementing partner should be clearly specified in these legal instruments.

| Implementation Arrangements (Implementing partner) | | | | | |
|--|------------------------------|---|---|--|---|
| Responsible Party | Government institution (NIM) | | UN agency/ IGO | | UNDP CO (DIM) |
| | Government institution | • Government Letter of Agreement (LOA) | • UN Agency LOA | • CSO LOA | • Standard LOA between UNDP and a Government Ministry/Institution/IGO on the implementation of a project when UNDP serves as implementing partner |
| | UN agency | • Standard Letter of Agreement between Government and a UN agency under NIM | • Standard Inter-Agency LOA | • CSO LOA | <ul style="list-style-type: none"> • Standard LOA between UNDP and a UN Agency on the implementation of a UNDP project when UNDP serves as Implementing Partner (i.e. under Direct Implementation or DIM) – Revised 5 Jan 2010 • Standard LOA between UNDP and UN or UN funds or programmes when UNDP serves as Implementing Partner (i.e. under Direct Implementation or DIM) - Revised 5 Jan 2010 |
| | CSO | <ul style="list-style-type: none"> • Government contract • Micro-Capital Grant Agreement for Credit Related Activities • Micro-Capital Grant Agreement for Non-Credit Related Activities | <ul style="list-style-type: none"> • Agency contract • Micro-Capital Grant Agreement for Credit Related Activities • Micro-Capital Grant Agreement for Non-Credit Related Activities | <ul style="list-style-type: none"> • CSO contract • Micro-Capital Grant Agreement for Credit Related Activities • Micro-Capital Grant Agreement for Non-Credit Related Activities | <ul style="list-style-type: none"> • Model Contract for Professional Services • Micro-Capital Grant Agreement for Credit Related Activities • Micro-Capital Grant Agreement for Non-Credit Related Activities |
| | UNDP CO | • Standard Letter of Agreement between United Nations Development Programme and the Government for the Provision of Support Services (including Description of Support Services) | • Standard Inter-agency LOA | • UNDP CO support services should be specified in the project document signed by UNDP and Government | • N/A |

Designation of Inter-Governmental Organizations and UN Agencies as Implementing Partners of UNDP

When the inter-governmental organization is not part of the UN system

The following procedures cover the channels of communication and the [criteria](#) to be applied in considering an application from an eligible inter-governmental organization (IGO) not in the United Nations system, to the UNDP Administrator, to become an implementing partner of UNDP. An [intergovernmental](#) entity is eligible when it is established by treaty and meets the other conditions or requirements as specified in the above criteria.

These procedures do **not** apply to Governments, to organizations in the United Nations system or to UNDP itself, and will not affect the status of those organizations currently operating under executing entity agreements signed with UNDP or its predecessors (Expanded Programme for Technical Assistance or Special Fund)

All communications regarding the designation of inter-governmental organizations as implementing partners of UNDP shall be directed to the Director, Partnership Bureau. The Director of the Partnerships Bureau shall be the focal point for this matter, but shall consult the Directors of the Bureau of Management (BOM), Bureau of Development Policies (BDP), Executive Office (Operations Support Group - OSG), Legal Support Office (LSO) and other UNDP headquarters units as appropriate.

On the basis of the above consultations the Director of the Partnerships Bureau shall make recommendations to the Associate Administrator on whether or not to grant an applicant inter-governmental organization Implementing Partner status. In formulating recommendations concerning Implementing Partner status, the Director of the Partnerships Bureau will assess the capacity of the applicant organization in line with the [criteria for designation of inter-governmental organization](#).

After consideration of the recommendation of the Director of the Partnerships Bureau, the Associate Administrator shall decide whether or not to grant the applicant organization implementing partner status. If the decision is negative, the Partnerships Bureau shall so inform the applicant organization and close the application. If the decision is positive, the organization shall be invited to sign an implementing partner agreement with UNDP based on the [Model Standard Basic Executing Entity Agreement \(SBEAA\)](#).

Negotiation of implementing partner agreements shall be conducted on behalf of UNDP by the Director of the Partnerships Bureau, subject to the consultations described above. All draft agreements shall be submitted to the Legal Support Office, for review and final clearance. The applicant organization shall have one year from the date of its notification that its application has been accepted in which to conclude and sign an implementing partner agreement with UNDP. After signature, a signed copy shall be sent to the Treaty Section of the United Nations Office of Legal Affairs for filing and recording.

The Legal Support Office shall establish and maintain on its website a centralized web-based file concerning the designation of implementing partners, including a comprehensive set of signed implementing partner agreements ([List of Implementing Partner agreements.](#))

Designation of United Nations Agency

A SBEAA should be signed by UNDP and the UN agency. For detailed guidance, please contact the Partnership Bureau.

Selecting an Implementing Partner

UNDP selects a single implementing partner for each project in consultation with the government coordinating agency.

Principles for Selection of Implementation Modalities

To guide the selection of the most appropriate category of implementing partner, the following sections describe the selection principles that pertain to each implementation modality.

National Implementation

National implementation will be the norm for UNDP programme activities, taking into account the capacities of programme countries and the nature of UNDP programme activities. This implementation modality will be appropriate when:

- There is a government entity directly concerned with the project's activities and results;
- There is a government entity whose intended role is to sustain project results;
- The relevant government entity has adequate capacity and is committed to carrying out the project as determined by a capacity assessment (see below).

United Nations Agency Implementation

A UN agency will be an appropriate implementing partner when:

- A UN agency has technical expertise that is critical to project success;
- The relevant substantive national agency is unwilling or unable to undertake project implementation;
- A global or regional project has no institutional counterpart at the global or regional level.

Civil Society Organization Implementation

A Civil Society Organization (national or international) will be an appropriate implementing partner when:

- The project substance deals with a subject where an CSO may have experience, expertise and comparative advantage, including *inter alia*, micro-credit, disaster relief and rehabilitation, advocacy, HIV/AIDS, rural water supply, and working with poor and disadvantaged groups;

- The project requires extensive use of participatory methodologies and/or facilitation of dialogue between government and civil society;
- Government agencies are unable or unwilling to effectively carry out project activities;
- The CSO has adequate capacity and is committed to carrying out the project as determined by a capacity assessment (using [CSO Capacity Assessment Tool](#)).

Direct Implementation

Direct implementation by UNDP will be appropriate when:

- The host government requests UNDP to directly implement project activities.;
- Project implementation requires speedy delivery and decision-making, such as in crisis situations;
- National authorities are unable to function or their capacity has been severely reduced, such as in cases of natural disasters or conflict;
- Project implementation would add an administrative burden to government and other implementation options would be inefficient in such cases as projects with small delivery, one-output projects, projects in support of the resident coordinator system;
- The relevant regional bureau has determined that the concerned country office has adequate capacity to carry out the project;
- Project is part of a UNDP global or regional programme.

Inter-Governmental Organization Implementation

A non-UN inter-governmental organization (IGO) will be an appropriate implementing partner when:

- The IGO is directly concerned with the project's activities and results;
- The IGO is intended to sustain project results;
- The IGO has specialized experience and expertise in the substantive area of the project;
- The IGO has adequate capacity and is committed to carrying out the project as determined by a capacity assessment.

An IGO must have signed an implementing partner agreement with UNDP to be eligible to implement a UNDP-funded project.

General Criteria for Selection of an Implementing Partner

Considerations that apply to the selection of all implementing partners for programme activities should include the potential partner's ability to:

- Ensure ownership at the national level;
- Carry out the key technical, financial, and administrative capacities required for the project;

- Ensure that project outputs will be produced;
- Sustain project outputs over time;
- Deliver good value for money.

Guidelines for the Selection Process

The selection process for an implementing partner should ensure that:

- The maximum number of appropriate organizations are considered to ensure objective comparison;
- There is impartial and comprehensive evaluation of prospective candidates.

The selection process for implementing partners has the following steps (please see details below under each step):

1. Identification of potential partners;
2. Assessment of each potential partner's capacity for project implementation (using the [Implementing Partner checklist](#));
3. Preliminary decision on selection of partner;
4. Financial and other specific capacity assessment (for partners that receive or are expected to receive over \$100,000 per year in total funds from UN agencies. However, this does not apply to UN agencies and IGOs that have signed the Implementing Agreement with UNDP). Other additional assessments, as needed or required, of procurement and recruitment capacities would be carried out to identify specific problem areas.
5. On the basis of the preliminary selection of the implementing partner and findings from all capacity assessments, completion of components in the project document template that deal with:

- a. Management arrangements
- b. Definition of responsible parties in the annual work plan
- c. Risk mitigation and assurance measures

6. Circulation of draft for comments and subsequent revision as needed
7. Submission of draft for project appraisal and approval

Identification of Potential Partners

A decision may have been taken during the Country Programme Action Plan (CPAP) or United Nations Development Assistance Framework (UNDAF) Action Plan formulation on the type of implementation modality (For additional information, refer to Programme Management, [Initiating a Programme](#) , Section 2.4). If so, potential partners are identified from within that modality. If not, project developers should identify potential partners during project formulation regardless of modality. In accordance with the guidelines for the selection process,

developers should identify as many appropriate potential partners as possible. However, since the implementation capacity of each potential partner must be assessed, it may be useful to carry out some kind of informal screening of potential partners to reduce the number of such assessments. Government should provide input into the list of potential partners.

Assessment of Project Implementation Capacity.

Project developers and concerned country office programme personnel should assess the project implementation capacity of all potential partners that have been identified. The assessment should be conducted using the [Capacity Assessment for Project Implementation checklist](#) which includes instructions for use. This checklist is intended to be used as a screening tool for the preliminary selection of the best candidate for implementing partner from among several potential partners. The checklist enables a rapid assessment of each proposed candidate's appropriateness and capacity to implement a proposed project. The checklist is also designed to satisfy UNDP [Financial Regulations and Rules](#) 16.05 on the determination of whose financial procedures would apply if the candidate organization is selected to be the implementing partner. The assessment covers managerial, technical and administrative capacities. The latter include recruitment, procurement and financial management capacities. Project developers should prepare a brief written report on the findings of the capacity assessment, highlighting strengths and weaknesses of the capacities of the proposed partners.

UNDP offers a Capacity Assessment Methodology that national partners can use to assess their own capacity assets and needs. For more information, see the UNDP Capacity Assessment Practice Note.

Preliminary Decision on Proposed Partner

The purpose of a preliminary decision on the implementing partner is to increase transparency by making that decision a discrete step and to encourage use of capacity assessment findings to support a fact-based decision. Furthermore, a preliminary decision on the selection of implementing partner is essential for the completion of a number of steps in project formulation. Final approval of an implementing partner is incorporated in the final approval of an entire project by the UNDP official authorized to approve projects.

Government must be consulted and ultimately confirm the choice of implementing partner. To secure this preliminary agreement, the country office programme manager should advise Government in writing of the proposed implementation arrangements, based on the findings of the capacity assessment, and request its concurrence. A "no objection" format with a time limit can be used for this communication.

Financial Capacity Assessment.

After securing preliminary agreement to the proposed partner, a detailed financial management capacity assessment is required for partners that receive or are expected to receive over \$100,000 per year in total funds from UN agencies. Partners that receive a smaller amount per annum may also be assessed if deemed necessary. The purpose of this assessment is to identify capacity gaps or problems in the partner's financial management system and

practices and to determine ways and means of addressing them. The conditions and procedures for this assessment are contained in the UNDG document, “[Framework for Cash Transfers to Implementing Partners](#)” Any funds required to carry out the above assessments should be advanced by UNDP and subsequently charged to the project once approved.

Completion of Management and Implementation Arrangements. On the basis of the preliminary selection of the implementing partner and all capacity assessment findings, the project developers should complete formulation of project components that cover:

- a. Management arrangements;
- b. Definition of responsible parties in the annual work plan;
- c. Assurance mechanisms.

(a) Management arrangements

The project document/AWP template ([MS Word Template](#)) defines the information to be included in regard to management arrangements. The accountability of the implementing partner is set out in standard text in this section. This section of the project document should explain the partner’s role in managing the project, carrying out the activities and providing oversight.

In addition, the following information should be included:

- Role of the Government Cooperating Agency;
- Prior obligations and prerequisites;
- Collaborative arrangements with related projects (if any);
- Brief description of the inputs to be provided by the implementing partner and any other Government inputs;
- Arrangements for cash transfers to the project and any related assurance activities; these arrangements would vary depending on whether the Implementing Partner is UNDP, UN agency, IGO, etc.
- Audit arrangements;
- Organization chart of the project;
- Annexes containing terms of reference for key personnel and any other significant information;
- Terms of reference for responsible parties (see (b) below)
- Description of assurance mechanisms (see (c) below).

(b) Definition of responsible parties for activities

Financial Regulation 17.01 of the UNDP Financial Regulations and Rules applies: “...With the agreement of the programme country Government and UNDP, such selected ... implementing partner, may associate one or more other entities with it in carrying out UNDP programme activities.”

The “other entities” that may be associated with the implementing partner in project implementation are known as responsible parties under the harmonized programming arrangements. The implementing partner may act as its own responsible party for some or all activities.

(c) Assurance mechanisms

In accordance with the findings of the Harmonized Approach to Cash Transfers (HACT) micro-assessment of financial management capacity, UNDP will use three mechanisms to provide assurance that funds provided to each implementing partner were received, expended and reported according to the agreed system for internal controls. These mechanisms are:

- Periodic on-site reviews of the partner’s financial records for cash transfers;
- Programmatic monitoring of the implementation of the Annual Work Plan;
- Scheduled audits (in collaboration with other UN organizations that use the same implementing partner) of the partner’s internal controls for the management of cash transfers.

Additional information on these mechanisms is provided in the UNDG document, [Framework for Cash Transfers to Implementing Partners](#). These mechanisms are described in the appropriate sections of the project document.

(6) Circulation of draft for comments and subsequent revision as needed

(7) Submission of draft for project appraisal and approval

For more details on the steps (6) and (7), see section 2.10 below.

Direct Implementation Approval Process

In selecting UNDP as an implementing partner, the following should be considered:

- Do other capacities to implement exist (national institutions, UN agencies or CSOs)?
- Is the project in response to conflict situations and require speed of delivery and accountability over resources?
- Is the project in response to situations that require sensitivity and neutrality?
- Is there an exit strategy?

The relevant UNDP regional bureau must assess the country office capacity prior to a selection of UNDP as an implementing partner.

Review and assessment of country office capacity for implementation

At the time of finalization of the Country Programme Action Plan or UNDAF Action Plan, country offices are required to submit a draft CPAP or UNDAF Action Plan to the respective regional bureau and indicate the expected level of UNDP direct implementation. In reviewing country office capacity, the regional bureau would consult with BoM and other headquarters units as necessary. Assessment of country office capacity to implement can be carried out through the UNDP Balanced Scorecard, Financial Data Quality Dashboard, executive snapshot,

field visits and monitoring activities by the regional bureau. The Regional Bureau will communicate to the country office the results of the assessment, including recommendations and support for improving country office capacity. Such assessment will take place once during the programme cycle unless there are changes in country office performance identified through the UNDP Balanced Scorecard, change management toolkit, audits, and other monitoring mechanisms.

Authority for country office to implement projects.

Based on the review of country office capacity, the regional bureau can:

- a) Delegate authority to CO to approve all UNDP implemented projects within the CPAP or UNDAF Action Plan;
- b) Delegate authority to CO to approve UNDP implemented projects subject to conditions specified by the Bureau;
- c) Require CO to submit all UNDP implemented projects for approval by the Bureau.

Annual consolidated report on UNDP implemented projects

Country offices must provide a report on projects which are implemented by UNDP, focused on results achieved and compliance with audit, financial and operational regulations and rules. The report should also specify how UNDP implementation supported national ownership and capacity development needs. The regional bureaux will take these reports into account in review of the delegated authorities for UNDP implementation and in preparing Bureau's annual reports to update the Operations Group (sent through the Operations Support Group - OSG) on this issue.

For projects outside the CPAP or UNDAF Action Plan, current procedures for [DEX approval](#) will continue to apply.

Risk Management

UNDP's overall risk policy is guided by its [Enterprise Risk Management](#) Framework.

Risk is a major factor to be considered in designing and managing any project. Risk can be defined as the possibility that an event would occur and affect the achievement of outputs. As such, it can represent a threat or a missed opportunity.

Risks must be identified, assessed and prioritized. The possible actions to deal with these risks need to be considered and an appropriate action plan needs to be developed. These actions must be incorporated in the project work-plan, and require periodic monitoring and reporting to ensure that all risk management activities are having the desired effect.

Risks, including security risks should be identified and assessed using the [project Risk Log](#), which shall be submitted to the Project Appraisal Committee as an annex to the project document. Once the project Award has been created in Atlas, the risks should be recorded in the Atlas Project Management module. The risk log should be maintained and updated as required in Atlas for the duration of the project.

Project Monitoring and Evaluation

During the project formulation process, UNDP in close collaboration with national counterparts and other stakeholders should plan for monitoring in accordance with guidelines in [UNDP Handbook on Planning, Monitoring and Evaluating for Development Results](#). The project developer should prepare an initial Monitoring and Evaluation (M&E) framework for the project using as appropriate the M&E Framework described under Programme Strategic Planning. Project monitoring is linked to and should feed programme level and outcome level monitoring. The planning for project monitoring should:

1. Clarify the precise results elements to be monitored: clear outputs, indicators, baselines, and targets;
2. Set up arrangements to collect monitoring evidence that the pre-identified outputs are being produced as intended and efficiently, and that the activities are being implemented according to the targets in the annual work plan;
4. Identify and engage in relevant mechanism such as an outcome group or sector-wide coordinating mechanism to which the project should be linked and that would enable UNDP to jointly review with other relevant partners the contribution of project to progressive achievement of the outcomes;
5. Ensure that monitoring evidence would reliably inform whether the project outputs being generated would remain relevant to achieving the corresponding CPAP or UNDAF Action Plan outcome; Ensure that activities/events needed to monitor are scheduled and responsibilities assigned. Monitoring arrangements and actions should take into account that project monitoring has to inform and be informed by the overall monitoring processes such as the UNDAF annual review process and/or national results management processes such as outcome groups and sector-wide arrangements;
6. Ensure that the project budgets include adequate human and financial resources for monitoring and evaluation;
7. Ensure capture of issues and lessons;
8. Decide whether or not the project will be evaluated.

Project evaluations are required when they are mandated by partnership protocols, such as the Global Environment Facility ([GEF](#)). Country offices and programme units may use their discretion in selecting other projects to be evaluated to better manage for results. The members of the Project Appraisal Committee (PAC) should assess the relevance and timing of the proposed evaluation(s) to ensure that the evaluation(s) generate(s) useful information in a timely manner. The PAC should also ensure that adequate financial resources are allocated for monitoring and evaluation(s). The Programme Manager should ensure that the planned project evaluations are included in the evaluation plan for the country programme. For further details, see the section [Evaluation](#) in the Policies and Procedures.

Project Appraisal

According to the definition given by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), “appraisal is an overall assessment of the relevance, feasibility and potential sustainability of a development

intervention prior to a decision on funding. Note: In development agencies, the purpose of appraisal is to enable decision-makers to decide whether the activity represents an appropriate use of resources.”¹⁵

The function of project appraisal in UNDP is derived from the Administrator’s authority to approve programme activities. Financial Regulation 16.02 of the UNDP Financial Regulations and Rules states:

“Under such limits prescribed by the Executive Board and within the limits of resources allocated for UNDP programme activities, the Administrator is authorized to approve UNDP programme activities at the country, regional and global levels.”

Financial Rule 116.02 stipulates that the authority to approve programme activities is delegated along with the requirement to establish necessary instructions and operational procedures:

- (a) The authority to approve UNDP programme activities, within the limit of resources allocated to those activities is delegated to the Associate Administrator. The Associate Administrator may delegate this authority, through the Director of the Regional Bureau concerned, to UNDP Heads of Office in the programme countries;
- (b) Approval of UNDP programme activities becomes effective upon signature of the project document/annual work plan.

An objective appraisal is essential for an informed decision on project approval. Therefore, UNDP has established a mandatory project appraisal process for all projects receiving UNDP funding.

Project Appraisal Committee

UNDP convenes a local Project Appraisal Committee (PAC) at each country office and at appropriate headquarters units to appraise proposed projects. The PAC members will make recommendations to the UNDP official with delegated authority to decide whether a proposed project should be approved or rejected. In most cases, the official with delegated authority will be the resident representative.

The appraisal process directly supports the UNDP Administrator’s accountability for approval of programme activities. The membership of the PAC should be comprised of UNDP staff members, representative of the Government Coordinating Agency and representative of the implementing partner. Other project stakeholders such as technical experts, representatives of cost-sharing donors and representatives from beneficiaries may attend the PAC and participate in an ex-officio capacity. Senior UNDP official should chair the meeting and appoint a rapporteur to prepare minutes.

It is recommended that Country Office might also hold one or more internal pre-PAC meetings to assist in ensuring the best project formulation process.

Steps in the Appraisal Process

¹⁵ Glossary of Key Terms in Evaluation and Results-Based Management. OECD/DAC, 2003.

The appraisal process has the following steps (please see details below under each step):

1. UNDP desk review for completeness, clarity, correctness and overall substantive quality;
2. Corrective action as necessary;
3. Desk review and preparation of comments by PAC members;
4. Appraisal meeting;
5. Preparation of appraisal meeting minutes and forwarding for further action.

UNDP desk review. After the project developer has completed the draft project document, the concerned UNDP programme officer will review the draft using the [Key Considerations for Quality Programming](#). The purpose of the desk review is to ensure:

- Alignment – whether the proposed project or annual work plan is aligned with the CPAP or UNDAF Action Plan;
- Clarity – all narrative text and the results and resources framework have been written logically and clearly;
- Completeness – all required information and annexes are included in the draft in accordance with instructions;
- Correctness – all text is editorially correct and budget figures are arithmetically correct;
- Results orientation – the results and resources framework is logical and contributes clearly to CPAP or UNDAF Action Plan outcome;
- Substance – relevant UNDP policies applicable to the substantive area have been taken into account.

Corrective action as necessary. The UNDP project developer makes necessary corrections. In addition, the project developer prepares a short project presentation that outlines the rationale, intended results, strategy and any other essential information. The project developer forwards the project document/ annual work plan and project brief where applicable to participants of the PAC meeting.

Desk review and preparation of comments by PAC members. The PAC members review the project document/annual work plan and project presentation and prepare their own comments. The PAC members with comments will circulate them to other PAC meeting participants prior to the meeting.

Appraisal meeting. The chairperson will convene a PAC meeting. The purpose of the meeting is to determine recommendations in regard to the next steps for the proposed project. The agenda should include:

- Brief presentation of the project;
- Review and discussion of key issues and decision by PAC members to recommend approval, rejection or revision of the proposed project.

Suggested topics for discussion include:

- Relevance. Whether or not there is a consensus on the problem being addressed and the results the project/annual work plan intends to produce; and whether the proposed project is a priority for Government and UNDP;
- Feasibility. Whether or not the project strategy will present a credible approach towards intended results;
- Commitment. Whether there is evidence that all concerned parties are committed to implementation of the project/ annual work plan and whether the selected implementing partner is the best choice for the work to be done;
- Accountability. Whether or not the proposed management and implementation arrangements clearly articulate accountabilities and roles and responsibilities;
- Cost effectiveness. Whether the project/annual work plan is designed to be cost effective and whether it promises to yield good value for money;
- Sustainability. Whether the project results will be sustained with the capacity to be developed;
- Environmental and Social Impacts. Whether or not any potential environmental and/or social impacts and opportunities have been adequately addressed;
- Risk management: whether or not risks have been identified, assessed and prioritized, and the possible actions to deal with these risks have been incorporated in the project work-plan;
- Monitoring and Evaluation: whether a Project Monitoring and Evaluation (M&E) framework has been adequately developed.

Any other unresolved issues raised in the PAC members' comments.

Preparation of appraisal meeting minutes and forwarding for further action. The PAC rapporteur prepares and circulates the minutes of the meeting, including the recommendation of the PAC to the PAC members for comments. The chairman transmits the final minutes to the UNDP official with delegated authority to approve projects if the recommendation is for approval or rejection, or to the relevant UNDP project developer if the recommendation is for further revisions. In the event of the latter, when revisions are completed, the revised document is sent to the PAC chairman to verify that revisions have been made as requested. The PAC chairman then forwards the revised document to the UNDP official with delegated approval authority.

Atlas Considerations

The Results and Resources Framework (RRF) should be “mirrored” into Atlas, so that there is a clear correspondence between the outputs and activities identified in the RRF and the “outputs” and “activities” established in the system. Once the project has been successfully appraised in the PAC meeting, its proposal in Atlas should be “awarded” in the system. After the Award is generated; multi-year budgets clearly indicating the responsible parties, funding

sources, and planned budget amounts as per the annual work plan must be finalized. Each output under the award must also be linked to a relevant country programme outcome.

Initiation Plan

The Initiation Plan is necessary when financial resources are required to finalize the project design or to begin certain project activities. For example, an initiation plan could include the recruitment of consultant(s) to develop a comprehensive monitoring framework, the undertaking of data analysis, conducting the environmental screening process or the start-up of pilot activities. The initiation plan documents the purpose, activities and budget required for the “Initiating a Project” process (see specific section in this Manual below). The UNDP resident representative approves this document following the recommendations of the PAC. The initiation plan contains three elements:

- A standard cover page;
- A description of the activities/key deliverables and how they will be managed;
- A standard budget in the form of an Annual Work Plan.

The duration of the initiation plan may not exceed one year. If the full project document is not ready 12 months after the signature of the initiation plan, the budget must be closed and PAC members must be informed.

The Initiation Plan replaces the previously defined approach known as Preparatory Assistance.

Procedures

| # | Step | Tasks and responsibilities | Atlas Action Points |
|----|--------------------------------------|--|---|
| 01 | Develop project document/ AWP | <p>Define results and capture in the Results and Resources Framework (RRF) [Project developer]</p> <ul style="list-style-type: none"> • Following the endorsement of the proposal in the previous process, there is at this stage a clear understanding of the best strategy to be used for the project. The project developer should now work out the project design, starting with a hierarchy of output(s), activities and inputs. • The CPAP or UNDAF Action Plan Results and Resources Framework shall serve as a base to define key activities for each output. Output targets and indicators initially identified in the CPAP or UNDAF Action Plan should be reviewed/re-validated to ensure that they still correspond to the current situation • The RRF definition is a consultative process involving all stakeholders. Depending on the scope and complexity of the project, the RRF may be further elaborated during the next process “Initiating a Project”. • During this step, as stated in section 2.9, determine how the project should be monitored and evaluated (latter, if required). The information should be captured in an initial project monitoring and evaluation framework. • The decision to conduct a project evaluation should also be reflected in the overall evaluation plan for the country programme, submitted to the Executive Board. Ensure that adequate resources for monitoring and evaluation are reflected in the project budget. <p>Determine the implementation modality and review the capacities of the potential implementing partner [Project developer]</p> <ul style="list-style-type: none"> • It is essential to determine the most appropriate implementation | <p>The Atlas proposal should be updated to reflect information deriving from the RRF, in particular:</p> <ul style="list-style-type: none"> • Proposal header; • Budget header; • Budget periods; • Budget line summary. <p>The project budget periods in Atlas should be equal to calendar years. Indication of resource mobilization opportunities and utilization of core resources as well as in kind contributions can be entered in the Atlas Resources page.</p> |
| | | | None |

modality and how the activities will be carried out so that project outputs can be achieved within the established limits of time and costs, and meet quality criteria.

- The project developer should carry out the following activities:
 - ✓ Identification of potential partners;
 - ✓ Assessment of each potential partner's capacity for project implementation using the implementing partner checklist (Checklist for assessing the capacities of potential Implementing Partners on Project Management);
 - ✓ In consultation with the CO management, preliminary decision on selection of partner;
 - ✓ Financial capacity assessment (for partners that receive or are expected to receive over \$100,000 per year in total funds from UN agencies) and other additional assessments (procurement, human resource managements) as required;
 - ✓ On the basis of the preliminary selection of the implementing partner and findings from all capacity assessments, completion of components in the project document template that deal with:
 - Management arrangements;
 - Definition of responsible parties in the annual work plan;
 - Risk mitigation and assurance measures.
 - ✓ When a national institution lacks the managerial capacity for certain tasks, based on the above assessment, the UNDP country office may assist the institution to carry out its role as implementing partner by providing country office support services – UNDP then becomes a responsible party. In such case, the project document must not only specify nature and scope of these services, but also outline a plan for phasing out such assistance (exit strategy).

Draft project document/AWP [Project developer]

None

- Use the project document/AWP template (MS Word Template). The purpose of the template is to further articulate a number of important components initially developed in the CPAP or UNDAF Action Plan. Such components may also require further development due to changes in a country's situation. The Quality Programming Checklist should also be consulted to ensure substantive quality of the project.
- The components of the project document that would need particular attention are:
 - ✓ Results and resources framework;
 - ✓ Project management arrangements and structure, including project board composition;
 - ✓ Monitoring and evaluation needs and initial framework (see section above and the UNDP [Handbook on Planning, Monitoring and Evaluating for Development Results](#))
 - ✓ Risks analysis and risk management.
- If the project is a 'joint programme' with other UN agencies, please refer to the UNDG Joint Programming Guidance Note. If UNDP is selected as the Administrative Agent, please refer to "UNDP accountability when acting as Administrative Agent in Multi-donor Trust Funds and/or UN Joint Programmes";
- If the project is to involve multiple country offices, please refer to section on Regional Programming, in particular the Guidelines on multi-country projects setup in Atlas.

Develop Initiation Plan (as required) [Project developer]

In Atlas, under the same Project Proposal create a new Activity ID

- If immediate resources are required to help finalize the project

| | | | |
|-----------|-------------------------|---|--|
| | | <p>design or begin certain activities of the project itself, an Initiation Plan should be prepared to supplement the draft project document, and submitted to the PAC. The Initiation Plan contains three elements:</p> <ul style="list-style-type: none"> ✓ A standard cover page; ✓ A description of the activities/key deliverables and how they will be managed; ✓ A standard budget in the form of an Annual Work Plan. | with corresponding budget to reflect the deliverables of the Initiation Plan. |
| 02 | Appraise Project | <p>Convene Project Appraisal Committee (PAC) [Programme manager]</p> <ul style="list-style-type: none"> • To prepare for the PAC meeting, the project developer should coordinate the following steps: <ul style="list-style-type: none"> ✓ UNDP desk review for completeness, clarity, correctness and overall quality assurance, and corrective action as necessary. This includes an environmental screening to determine if an EIA is required (see guidance note); ✓ Desk review and preparation of comments by PAC members; ✓ Convening PAC meeting. • The PAC meeting agenda should include: <ul style="list-style-type: none"> ✓ Brief presentations of the project; ✓ PAC members review and discussion of key issues and decision to recommend approval, rejection or revision of the proposed project. • It is recommended that the country office might also hold one or more internal pre-PAC meetings, involving country office staff and selected resource persons, to assist in ensuring the best project formulation process. <p>Appraise Project. [PAC members]</p> <ul style="list-style-type: none"> • Discussion at PAC meeting will include the following project aspects: Relevance; Feasibility; Accountability; Cost effectiveness; Commitment; Monitoring and evaluation requirements; Sustainability; Environmental and social performance; Risk Analysis; Management arrangements; and any other unresolved issues raised in the PAC members' comments; • Through the minutes of the meeting, the PAC critically assesses the project against established criteria, including the potential for significant and sustainable impact, advises the Programme Manager (UNDP official with delegated authority for project approval) on the soundness of the design of the project, and provides recommendations for approval, rejection or revision of the draft project document; • Minutes of the PAC meeting must be circulated to and get endorsement by participants and kept on file for later review by audits and/or evaluation teams. They must also be uploaded to Atlas. • PAC chairman will check revision and transmit for approval by programme manager | <p>Change proposal status to "Submitted".</p> <p>Change the status of the Proposal in Atlas to reflect the recommendations of the PAC. Upload PAC minutes.</p> |
| 03 | Approve Project | <p>Make decision on project document [Programme manager]</p> <ul style="list-style-type: none"> • Based on PAC recommendation, a decision (approval, approval subject to modification, or rejection) by the UNDP official with delegated authority should be made and communicated to all parties concerned. • Based on PAC's recommendation on on the composition of project board and its responsibilities in directing project implementation, Project Board members should be endorsed by the respective agencies <p>Generate Award in Atlas [Programme Manager, Project Assurance]</p> <ul style="list-style-type: none"> • The UNDP staff member with appropriate level of authority in Atlas generates the Award, based on the recommendations of the PAC. | <p>Generate Award. For each Project ID, set Project Status to "A" in order to activate the</p> |

| | |
|--|---|
| <ul style="list-style-type: none"> The project assurance should perform a quality check to ensure that the project output/activity structure in Atlas is consistent with the RRF, prior to the generation of the Award. | <p>functionalities of the Project Management Module.</p> <p>At the Award level, set the Award Status to “Initiating” in order to properly reflect the Award in the Project Data Quality Dashboard.</p> |
| <p>Activate the Project Management Module in Atlas [Project developer, project assurance]</p> <ul style="list-style-type: none"> Based on information deriving from the results and resources framework, enter in Atlas the Output details, including baseline, indicators and targets. Record in Atlas the agreed project risks and risk management actions, deriving from the risks log as endorsed by the PAC. | <p>Activate the Output Definition page. Activate the initial Risks and Issues Logs in the Project Management module.</p> <p>Connect the Project ID(s) to the corresponding Outcome of the Project Tree.</p> |
| <p>Approval of Initiation Plan (if required) [PAC/Programme Manager]</p> <ul style="list-style-type: none"> The PAC must review the initiation plan budget in the form of an annual work plan. Following the approval of the programme manager, a UNDP manager with appropriate Atlas authority must activate the initiation plan. | <p>If budget is required for the initiating phase, send this budget to Commitment Control (KK).</p> |

Inputs

- CPAP or UNDAF action plan
- Contribution of stakeholders to formulation
- Project proposal approved in Atlas (concept note, if initially required)
- IP capacity assessments
- Knowledge Products and Communities of Practice Consultation: Existing knowledge products, such as policy notes and briefs, how-to-guides, lessons learned, consolidated replies and analytical studies, should inform the justification of a project
- Desk review. PAC member comments and PAC minutes.

Deliverables

| | What is it? | Learn on-line | Do it in Atlas |
|---|--|---|---|
| Results & resources framework | See the project document | | Project Management Module – Award Summary |
| Project document | Deliverable Description MS Word Template | n/a | n/a |
| Initial project monitoring and evaluation framework | See section 2.9 above and section 2.9 of Programme Strategic Planning | | |
| Initial risk log | Deliverable Description MS Word Template Sample Atlas Risk Log Sample Risk Log report | On-Demand Atlas Training – Defining a Project | Project Management Module – Award Summary |
| Approved initiation plan (as required) | Deliverable Description MS Word Template | | |

Roles and Responsibilities

During this process, the following roles are involved:

- Project developer:** Takes the lead in formulating the project and in organising required actions in project appraisal and finalization;

- **Project assurance:** Ensures that the required formulation and appraisal procedures are followed and the Atlas Project Management module has been properly activated;
- **PAC members:** Participate in PAC meetings to appraise and make recommendations for approval of projects; as part of the PAC process, make recommendations on the composition of project boards and the responsibilities of board members in directing project implementation. Review and make recommendations on the initiation plan budget prior to approval
- **Programme manager:** Signs the initiation plan budget (if required) which takes the form of an annual work plan. He/she is the UNDP official with delegated authority for project approval.

For more details, please see [Programme & Project Management Organization Structure](#) in POPP.

Templates and Forms

- [Implementing Partner Capacity Assessment Checklist](#)
- [Checklist for Quality Programme and Project Formulation and Appraisal](#)
- [Project Appraisal Committee - Sample TOR](#)
- Monitoring and Evaluation (M&E) framework: Use M&E framework described in [Programme Strategic Planning](#) as a basis to develop project M&E framework
- [Enterprise Risk Management Work Sheets](#) (For more information, Enterprise Risk Management under the [Programme and Project Management Overview](#)).
- [Security Risk Management Work Sheets](#)
- [Environmental Screening Checklist](#) (found in Annex A of the Guidance Note for [Implementing the Environmental Screening and EIA for UNDP Projects](#))

Additional Information

- [FAQs on working with CSOs](#)
- Check the [Programme and Project Management Resource Center](#)

Initiating a Project

Description

The purpose of this process is to answer the question: “Does the design of the project demonstrate an achievable plan to implement and assess progress towards delivering results to ensure success? Is monitoring clearly defined?” The project board reviews project plans, budgets, schedules, and monitoring approaches to answer this question.

The work to be done in this process is fundamentally to further develop project details, budgets, and plans based on the draft project document/AWP appraised in the previous process, to ensure the effective and efficient implementation of the project. A key element of this process is also to develop a sound and comprehensive monitoring framework, which shall determine how the project performance will be measured. This work may be guided by an initiation plan (not mandatory), developed in the “Defining a Project” process, for which financial resources have been allocated and approved to complete the above tasks or start up the implementation of the project (see Procedures below).

The end of this process is primarily identified by a signed project document, activation of the project budget, and receipt of signed contribution agreements as appropriate.

Relevant Policies

Approval Authority and Accountability

This process is the last step in the formulation and planning of a project before actual project activities begin in the next process, “Implementing a Project”. The key approval required in this process is the signing of the project document. The project document constitutes a commitment to implement the project in accordance with UNDP’s mandate, policies, regulations and rules.

The project document must be signed by, at a minimum, UNDP and the implementing partner. This minimum applies when:

- A signed Country Programme Action Plan (CPAP) or United Nations Development Assistance Framework (UNDAF) Action Plan is in place;
- The project is included in the CPAP or UNDAF Action Plan as output(s);
- The implementing partner is listed in the CPAP or UNDAF Action Plan as the implementing partner for the project.

If the conditions for this minimum do not apply, then the project document must be signed by UNDP, the implementing partner, and the Government Coordinating Agency. For UNDP, the resident representative has the delegated authority to sign a project document (see 2.10 Project Appraisal in the section on “Defining a Project”). For more information, see also the sections on [Legal Framework](#) and [Accountability and Delegation of Authority](#).

Another key approval required in this process is the activation of the project budget in Atlas, the UNDP corporate management system (i.e., under “Commitment Control” or “KK”). The

authority for this activation rests with the delegated authority in the UNDP unit or office where the project resides, as described in UNDP's [Internal Control Framework](#).

Required Documentation

The project arrangements defined during this process are important in order to ensure the project is set up appropriately to deliver results as planned and to ensure, in the ongoing monitoring and management of the project, that the project is on track from financial, results, schedule, management, and stakeholder perspectives. Relevant information is captured in the finalized project document to be signed.

Additional documentation to be finalized during this process include, as required:

- Detailed terms of reference for key project positions (suggested key technical advisors, project manager);
- Detailed annual work plan (AWP) and monitoring and evaluation (M&E) framework;
- Standard agreements, such as Project Cooperation Agreement (PCA)- when a Civil Society Organization (CSO) is implementing partner - and cost-sharing agreement;
- Standard Letter of Agreement between implementing partner and responsible parties for the implementation of the project.

Monitoring Framework and Reporting

All processes and results to which UNDP is contributing must be monitored regardless of budget and duration. A monitoring and evaluation framework, initially defined with the draft project document, (as presented in section 2.9 Monitoring and Evaluation under the “Defining a Project” stage) must be further developed and finalized during this process, describing activities and outputs to be monitored, reviewed and assessed, how and by whom. The framework must articulate the types of communication and associated scheduling required during the project, as well as methods of communication with stakeholders. Using a combination of templates and Atlas tools, the following elements shall be part of the monitoring framework for the project:

- Output level: Each output requires an indicator, baseline and target in order to measure and clearly understand the expected products and services as outputs;
- Annual targets: Where applicable annual targets should be set for each output in order to enable the tracking of progress of generating the output, and to facilitate yearly reporting as part of the Annual Review (please see Implementing a Project process);
- Activity Level: key monitoring activities should be identified and built in to the project M&E framework.

Project Funding

Project funds are financial resources mobilized from various sources to be used for project expenditures as defined in the project budget. Project financial arrangements must be planned in this process, which may include funding from UNDP regular resources, government cost sharing, donor contributions, trust fund financing, etc. A project can be approved based on the financing plan; therefore not all project funding must be committed or available at the start of

the project. The procedures and policies applicable for the funding source must be followed to the extent that they are consistent with UNDP policies and procedures. For example, contribution agreements must be signed for project-level donor contributions; Thematic Trust Fund (TTF) procedures must be followed for TTF funded projects; and Global Environment Fund (GEF) policies and procedures must be followed for GEF projects. Project funding procedures are detailed in the [Resources and Funding Mechanisms section](#) in the Financial Resources Management chapter of the UNDP Programme and Operations Policies and Procedures (POPP).

Project Budgeting

The project budget, captured in Atlas by year per activity, defines the required expenditures to produce the deliverables for each activity. The project budget is explicitly linked to project results through activities defined in the results & resources framework. The estimation of costs for each activity in the project budget should be based on what is required to produce the results of that activity, as defined in the Activity Definition in Atlas. Cost estimating should therefore be results-based (what is required to achieve the result) rather than input-based or based on available financial resources). Cost estimates should include all costs related to the achievement of project deliverables and outputs, whether direct or indirect. The project budget should include such indirect costs as monitoring, risk mitigation, contingency and external evaluations (see section 2.10 developing an evaluation plan in [Defining a Programme](#) for more details).

Project Cost-Recovery

When Other Resources such as cost-sharing, trust funds are involved in the project, applicable cost-recovery mechanisms must be applied in accordance with the UNDP [Cost Recovery Guidelines](#). Likewise, when the project – whether funded from UNDP regular or other resources - involves UNDP’s implementation support services, costs incurred to provide such services should be recovered. UNDP should design the nature and scope of these services to ensure successful project operations based on the assessment of the implementing partner’s capacity conducted in the “Defining a Project” process. Related arrangements should be described in the management arrangements section of the project document.

Implementation Arrangements

During this process, detailed implementation arrangements shall be finalized and formalized through the signature of agreements between the entities involved in the management of the project. The implementing partner as identified in the “Defining a Project” section above may engage other entities (Responsible Parties) to carry out specific activities. These agreements shall define the rules and procedures to be followed in managing project activities (including when UNDP is a responsible party). These rules and procedures include the areas of management, procurement, finance, and human resources, essentially covering the functions required to manage and administer a project.

As stated in UNDP Financial Regulation 16.05, the administration by implementing partners of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an

implementing partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency and effective international competition, those of UNDP shall apply.

Following rules and procedures other than those of UNDP does not remove the requirement for the project outputs and activities to be monitored and tracked according to the policies articulated in the [Programme and Project Management](#) chapter of the POPP.

Advance Authorization

Advance authorizations permit the implementing partner to enter into commitments and incur expenditures without delay in accordance with a project document (or substantive revision document) that has been finalized but has not yet been signed by all the parties. This may be due to bureaucratic delays in securing such signatures.

An advance authorization is valid for 60 days only. It must be replaced with a fully signed project document (or substantive revision document) within 60 days.

The programme manager must be satisfied that the formulation and appraisal processes for the full project have been completed and that all UNDP programme policies have been complied with prior to signing the advance authorization.

The UNDP country office must prepare the advance authorization cover page according to the format (See [Deliverables section](#) below). The budget of the project document or revision document is attached to the cover page.

The programme manager signs the advance authorization after ascertaining that the government and the implementing partner agree to it.

Procedures

| Ref | Step | Tasks and Responsibilities | Atlas Action Points |
|-----|-------------------------------------|--|---|
| 01 | Operationally set up project | Refine output indicators, baseline and targets <i>[Project Developer]</i> <ul style="list-style-type: none"> Before the project implementation and given the possible changing environment, it is likely that the Results and Resources Framework (RRF) should be further refined and/or detailed. In any case, this step shall represent an opportunity to re-validate the RRF and ensure that the information has been properly recorded in Atlas. | Award Summary > Output Link <ul style="list-style-type: none"> Description Baseline Indicator Targets |
| | | Plan activities (Activity IDs in Atlas) <i>[Project Developer]</i> <ul style="list-style-type: none"> It is important at this stage to identify key activities which shall correspond to “Activity IDs” in Atlas, and make necessary adjustments in the Atlas project set-up. Ideally, the activity deliverables should have been identified as part of the RRF formulation. | Award Summary > Activity Link <ul style="list-style-type: none"> Start – End date Purpose Description |

| | |
|--|--|
| <p>Finalize implementation arrangements with implementing partner [Project Developer]</p> <ul style="list-style-type: none"> Based on the initial capacity assessment, detailed implementation arrangements with the selected implementing partner shall be finalized. The scope for UNDP support services to a government institution selected as implementing partner should also be detailed in this process and formalized through a LOA as appropriate. When finalizing arrangements with a national implementing partner, it is necessary to determine which modality will be utilized for the project finances and cash transfer. See the section on Cash Transfer under the Financial Resources Management Guide The implementing partner may also engage other organizations (Responsible Parties) to carry out specific activities. Appropriate agreements with these organizations should be defined using standard models (see 8.0 Templates and Forms below). | <p>Award Profile</p> <ul style="list-style-type: none"> Customer Project Department Institution |
| <p>Finalize project management arrangements [Project Developer]</p> <ul style="list-style-type: none"> Following the appointment of the project board members in the previous process, detailed roles and responsibilities required to govern and manage the project must be defined. In addition to the section on Organizational Structure, detailed terms of reference can be found in the Resource Center, covering project board, project assurance, project manager, project support etc. Actual recruitment may take place during this process if included in the initiation plan. | <p>Award>Projects Project Team</p> |
| <p>Finalize project funding (signed contribution agreements, fund allocations from regular resources, etc.) [Project developer]</p> <ul style="list-style-type: none"> Refer to the Financial Resource Management Section of POPP for details of programme resources and funding mechanisms. If not yet uploaded to Atlas as an attachment to the proposal, signed contribution agreements should be uploaded to Atlas as attachments to the project. If the project will utilize some pass-through or joint-programming funds, indicate it as such in Atlas by filling in the Attribute code on the Attributes page. | <p>Grants > Awards > Project > Attachments</p> <p>Grants > Awards > Award Profile> Attributes</p> |
| <p>Finalise project budget [Project developer, project support]</p> <ul style="list-style-type: none"> The project budget is captured in Atlas by year per activity. Once finalized, the information will feed the Annual Work Plan (AWP) generated from Atlas. See section Project Budgeting above under Relevant Policies. | <p>Grants > Awards > Project Budget</p> |
| <p>Prepare procurement plan [Project developer]</p> <ul style="list-style-type: none"> Procurement planning is essential for the timely solicitation of quotations, bids or proposals, and to ensure cost efficiency through possible bulk procurement. Procurement planning entails more than the selection of a procurement method for various goods, civil works and services and when to schedule activities. It also combines the legal and institutional frameworks in which procurement must be carried out. In addition, the procurement plan represents an opportunity to secure the timely delivery of key inputs for the start-up of the project. More information on procurement planning is available in Contract and Procurement Management of the POPP. Based | |

| | | |
|----|---|--|
| | <p>on this plan, actual procurement for goods and services may take place during this process if included as deliverables under the approved initiation plan.</p> | |
| | <p>Create project monitoring schedule plan [Project developer]</p> <ul style="list-style-type: none"> The Atlas Project Management module can be used to maintain a date list of key project management and monitoring events, including key reports, reviews, monitoring visits, audits, and evaluations. A query in Atlas allows for the display of monitoring events at the office level, and can be used as a planning tool to ensure the coordination of monitoring activities and the participation of key stakeholders. The information is also available on the UNDP Executive Snapshot. A Word software template is available for this plan if necessary (see 6.0 Deliverables below). | <p>Grants > Project Management > Award Summary > Monitoring</p> <ul style="list-style-type: none"> Due Date Description Type |
| | <p>Update risk log [Project developer]</p> <ul style="list-style-type: none"> See section Defining a Project under Relevant Policies for more information about the purpose of the risk log. The risk log is supported by Atlas. In certain circumstances, it may however be necessary to maintain these logs off-line using Word software templates. Risks entered in Atlas are available on the Executive Snapshot. | <p>Award Summary, Risk Log</p> <ul style="list-style-type: none"> Date Description Type |
| | <p>Complete and produce project plans [Project developer]</p> <ul style="list-style-type: none"> The following plans described in the above steps should be produced for review by the project board: <div style="border: 1px solid black; background-color: #e6f2ff; padding: 5px; margin: 5px 0;"> <ul style="list-style-type: none"> ✓ Annual work plan for the first year (and subsequent years as required); ✓ Procurement plan; ✓ Project management arrangements; ✓ Monitoring and Evaluation Framework, including Project monitoring schedule plan; ✓ Updated risk log </div> | <p>Run Atlas reports:</p> <ul style="list-style-type: none"> AWP; Monitoring framework, including risks, output and activity details, Monitoring schedule plan; Progress report for the initiation plan (if required in the previous process). |
| | <p>Review project plans, including first AWP, monitoring frameworks and risk log [Project board]</p> <ul style="list-style-type: none"> The project board shall review the project plans, the proposed team structure and roles as well as other relevant documents to ensure the relevance, feasibility and cost effectiveness of the project, and endorse the proposed AWP for the first year. The project board should also review the progress report for the initiation plan (if an initiation plan was required and approved in the process “Defining a Project”). | |
| | <p>Finalize the project document [Project developer]</p> <ul style="list-style-type: none"> The AWP and other plans shall be revised based on the recommendations of the project board review as required. Following the review, the project developer finalises the project document. The project developer shall ensure that the requirements for the project document/AWP are met based on the harmonized programming arrangements. | |
| 02 | <p>Sign project document</p> <p>Approve and sign project document [UNDP programme manager, implementing partner]</p> <ul style="list-style-type: none"> The project document shall be signed by, at a minimum, the programme manager (UNDP RR or delegated authority) and the implementing partner. See section above on approval authority. The signed project document forms a basis for the budget allocation, which is approved in Atlas by a UNDP staff with | <p>Award Profile:</p> <ul style="list-style-type: none"> Status “running” Project Budget Send to Commitment Control and Finalize Project Status Status “O” (on-going) |

- appropriate authority.
- See the section on Global and Regional Programming in the POPP regarding specific requirements on project document signature.
- For projects using TRAC 3 allocations for sudden emergencies, a fully signed project document must be forwarded to BCPR within 30 days of receiving an allocation
- Advance authorization would be signed by RR if required.

Inputs

- Draft project document recommended by the Project Appraisal Committee (PAC) for finalization and approval.
- Generated Award in Atlas.
- Knowledge products and Communities of Practices (CoP) Consultation: Existing knowledge products, such as policy notes and briefs, how-to-guides, lessons learned, consolidated replies and analytical studies should serve as inputs during this process.

Deliverables

| | What is it? | Learn | Do it in Atlas |
|-----------------------------------|--|---|---|
| Advanced Authorization Cover Page | MS Word Template | n/a | n/a |
| Project Document | Deliverable Description MS Word Template | n/a | n/a |
| Risk Log | Deliverable Description MS Word Template Atlas Sample Executive Snapshot Sample | On-Demand Atlas Training – Initiating a Project | Project Management Module – Award Summary |

Roles and Responsibilities

The following roles should be involved in this process:

Project developer:

- Takes the lead in carrying out most of the tasks in this process;
- Responsible for finalizing the project document and project plans.

Project board:

- Agrees on project manager's responsibilities, as well as the responsibilities of the other key members of the project management team;
- Delegates any project assurance function as appropriate;
- Reviews the progress report for the Initiation stage (if an initiation plan was approved);
- Reviews and appraises detailed project plans, including the AWP and Atlas reports covering activity definition, updated risk log and the monitoring schedule plan;
- Shares annual reports and relevant information on achievement of the outcomes with Programme Board and Outcome Group.

Project assurance

- Ensures that project plans are being developed according to standards and that management procedures are properly followed;
- Ensures that project outputs definitions and activity definition (as appropriate) have been properly recorded in the Atlas Project Management module to facilitate monitoring and reporting;
- Ensures that the final project document meets the standard requirements based on the harmonized programming arrangements;
- Ensures that project board's recommendations are followed and revisions are managed in line with the required procedures.

UNDP programme manager (UNDP resident representative or delegated authority):

- Ensure that the project monitoring framework is aligned with the programme monitoring framework;
- Approves and sign the project document;
- Approves budget for the first year in Atlas.

Implementing partner:

- Endorses and signs the project document.
- Signs standard agreements with responsible parties (as applicable)

Government Coordinating Agency:

- Represents the Government and signs the project document (for project in non-CPAP countries and/or projects that are not within the scope of the signed CPAP or UNDAF Action Plan)

For more details, please see [Programme & Project Management Organization Structure](#) in POPP

Templates and Forms

In addition to templates already provided under Deliverables above, the following templates and forms apply:

| English | French | Spanish |
|---|---|--|
| Grant Agreement (Micro-Capital Grant Agreement) for Non-Credit Related Activities – Revised Feb 2009 | Accord de Subvention (Accord de subvention en micro-capital) Pour les activités non liées au crédit | Acuerdo de subsidio de micro capital para actividades no relativas a créditos |
| Grant Agreement (Micro-Capital Grant Agreement) for Credit Related Activities – Revised Feb 2009 | Check the UNCDF website | Check the UNCDF website |
| Sample Letter of Agreement between the Government and a United Nations Agency under National Implementation – Revised | Lettre d'accord type entre le gouvernement et UN organisme des Nations Unies pour l'appui á une | Modelo de carta de acuerdo entre el gobierno y un organismo de las Naciones Unidas bajo implementación |

| | | |
|---|--|---|
| Feb 2009 | réalisation nationale | nacional |
| Standard LOA between UNDP and UN or UN funds or programmes when UNDP serves as Implementing Partner (i.e. under Direct Implementation or DIM) - Revised 5 Jan 2010 | Lettre d'accord standard entre le PNUD et les Nations Unies ou UN Fonds/Programme des Nations Unies concernant la réalisation de projet lorsque le PNUD fait fonction de partenaire de réalisation | Modelo de carta de acuerdo entre el PNUD y las Naciones Unidas o Un Fondo/Programa de las Naciones Unidas sobre la implementación cuando el PNUD actúa como asociado en la implementación |
| Standard LOA between UNDP and a UN Agency on the implementation of a UNDP project when UNDP serves as Implementing Partner (i.e. under Direct Implementation or DIM) – Revised 5 Jan 2010 | Lettre d'accord standard entre le PNUD et un organisme des Nations Unies] concernant la réalisation de projet lorsque le PNUD fait fonction de partenaire de réalisation | Modelo de carta de acuerdo entre el PNUD y un organismo de las Naciones Unidas sobre la implementación del proyecto cuando el PNUD actúa como Asociado en la Implementación |
| Standard LOA between UNDP and the Government for the Provision of Support Services under NIM-Revised Feb 09 | Lettre d'accord type entre le PNUD et le gouvernement pour la fourniture de services d'appui | Modelo de carta de acuerdo entre el PNUD y el gobierno para la prestación de servicios de apoyo |
| Standard PCA between UNDP and a NGO- Revised 28 Oct 09 | Accord de coopération type au titre d'un projet entre le PNUD et une organisation non gouvernementale | Modelo de acuerdo de cooperación relativo a un proyecto entre el PNUD y una ONG |
| Standard LOA between UNDP and a Government Ministry/Institution/IGO on the implementation of a project when UNDP serves as implementing partner – 5 Jan 2010 | | |

- [Checklist for Quality Programme and Project Formulation and Appraisal](#);
- [Standard contributions agreements and policies, including cost-sharing agreement between the United Nations \(or other UN Agency\) and the United Nations Development Programme \(UNDP\) - Check the Partnership Bureau/Division for Resource Mobilization \(DRM\)](#);
- Additional project management templates as appropriate:

| | What is it? | Learn | Do it in Atlas |
|-------------------------------------|--|--|--|
| Issues Log | Deliverable Description MS Word Template Atlas Sample Executive Snapshot Sample | On-Demand Atlas Training – Initiating a Project | Project Management Module – Award Summary |
| Lessons-Learned Log | Deliverable Description MS Word Template | n/a | n/a |
| Project Monitoring Schedule Plan | Deliverable Description Atlas Sample | On-Demand Atlas Training – Initiating a Project | Project Management Module – Award Summary |

Additional Information

Further to the above mandatory requirements as specified in 6.0, the following optional tools would also be used as appropriate:

- Project Monitoring Schedule: Using Atlas, the project monitoring schedule maintains a date list of key project management and monitoring events, including key reports, reviews, monitoring visits, audits, and evaluations. This schedule is maintained by the project manager and tracks the dates of key project events for all project members to follow;
- Issues Log: The issues log is used to capture and track the status of all project issues throughout the implementation of the project. During the process “Implementing a Project”, it will be the responsibility of the Project Manager to track, capture and assign issues, and to ensure that all project issues are appropriately addressed. At this stage, pending the recruitment of the Project Manager, the initial set of project issues should be captured by the Project Developer. Issues may be captured and tracked in Atlas, or they may be tracked through other means;
- Lessons Learned Log: The lessons learned log is maintained throughout the project to capture insights and lessons based on good and bad experiences and behaviours. It is the responsibility of the project manager to maintain and update the lessons learned log. During this process, the lessons learned log is started by the project developer, and any initial project lessons or insights are captured;
- For activity level monitoring, the monitoring system in Atlas can be used as appropriate;
- Check the [Programme and Project Management Resource Center](#).

Implementing a Project

Description

The focus of this process is to achieve project outputs as defined in the approved project document/AWP through implementation and monitoring. Project outputs are produced through a set of activities. The plan to achieve outputs for a given year is articulated in the Annual Work Plan (AWP). Fundamental responsibilities for this process lie with the project manager as a representative of the implementing partner. The implementing partner's project manager is responsible for:

- Managing the overall conduct of the project;
- Implementing activities by mobilizing goods and services;
- Checking on progress and watch for plan deviations;
- Ensuring that changes are controlled and problems addressed;
- Monitoring risks;
- Reporting on progress.

UNDP can be the implementing partner when the project is directly implemented by UNDP. However, typically this is not the role UNDP plays as most projects are implemented through other implementing modalities such as national implementation, Civil Society Organization (CSO) implementation, Inter-Governmental Organization (IGO) implementation and United Nations (UN) agency implementation. UNDP's role is then mainly to:

- Monitor the project's progress towards intended outputs;
- Monitor that resources entrusted to UNDP are utilized appropriately;
- Ensure national ownership, ongoing stakeholder engagement and sustainability;
- Ensure that the project's outputs contribute to intended country programme outcomes;
- Participate in the project management board;
- When UNDP is identified as a responsible party, perform duties as associated with this role including, when requested and agreed to, provide implementation support services;
- Report on progress to donors and to UNDP through corporate reporting mechanisms.

As the project progresses, the project board must continually address the following questions: Is the project still relevant and effectively contributing to the intended outcomes? Is the project yielding the desired results? Are risks managed? Is the project being implemented as planned? Is there a need to redesign, cancel or modify the project in any way in order to ensure meaningful contribution to development results?

In addition to periodic reviews within the year, an annual review shall take place to assess results achieved against yearly targets and to approve the next annual work plan, inducing UNDP's related financial commitment.

Relevant Policies

Provision of Financial Resources and Monitoring their Use

Based on the approved annual work plan, UNDP provides the required financial resources to the implementing partner to carry out project activities during the annual cycle. Under the Harmonized Approach to Cash Transfer ([HACT](#)), four cash transfer modalities are available, based on operational agreements described in the project document:

- Direct cash transfers to implementing partners, for obligations and expenditures to be made by them in support of activities;
- Direct payments to vendors and other third parties, for obligations incurred by the implementing partners;
- Reimbursement to implementing partners for obligations made and expenditure incurred by them in support of activities;
- Direct agency implementation through which the agency makes obligations and incurs expenditure in support of activities.

Further details can be found in the Financial Resources Management Guide ([Financial Management and Execution modalities](#)). In all cases, the implementing partner is accountable for:

- Managing UNDP resources to achieve the expected results specified in the project document, in accordance with the principles of the Financial Regulations and Rules of UNDP;
- Maintaining up-to-date accounting system to ensure accuracy and reliability of financial reporting;
- Sending expenditures reports on a quarterly basis (or more frequently as appropriate).

Based on the expenditures reports received from the project and recorded in Atlas (the UNDP corporate management system), UNDP prepares a [Combined Delivery Report](#) (CDR) at the end of the quarter. The CDR is the report that reflects the total expenditures and actual obligations (recorded in Atlas) of a Project during a period (quarterly and mandatory at the end of each year). The CDR combines expenditures from three disbursement sources:

- Implementing partner;
- UNDP;
- UN agencies (when acting as responsible parties).

The CDR constitutes the official report of expenditures and obligations of the project for a given period. This report is prepared by UNDP, using Atlas.

Management of Inputs

When the management arrangements have been determined, the implementing partner arranges for the procurement of the inputs to initiate activities. This section explains the

policies and principles to be observed in procuring and using inputs, with a view to producing the expected outputs.

Definitions and Key Principles

Inputs are the personnel, goods and services, and micro-capital grants that are necessary and sufficient to produce the planned outputs. Inputs are obtained on the basis of the project work plan and the corresponding budget. Where the progress towards planned outputs is not advancing as expected, the project board should review the strategy of the project, including the work plan, budget and inputs.

As per UNDP's Financial Regulations and Rules (Reg. 21.02), the following general principles must be given due consideration:

- Best value for money;
- Fairness, integrity, transparency;
- Effective international competition;
- The interest of UNDP.

See Principles of UNDP Procurement for more details. The implementing partner may follow its own procedures provided they conform to the UNDP Financial Regulations and Rules principles as per Financial Regulation 16.05 (see 2.7 Implementation arrangements in the section on initiating a project above). The implementing partner may alternatively apply UNDP practices.

The UNDP country office may mobilize certain inputs on behalf of the implementing partner. In this case, UNDP establishes the contracts following UNDP rules and procedures, as well as the policies for country office support services. UNDP is then a Responsible Party for the provision of support services.

Personnel

Government staff

Since UNDP-supported projects form part of the development activities of the programme country, the Government assigns its own personnel to participate in project activities as part of their work responsibilities. Such personnel are referred to as "government staff". This category of staff is reflected in the government budget, not in the project budget. Note: the government in-kind contribution should be reflected in the project document.

UNDP-supported personnel

The implementing partner is responsible for ensuring that job descriptions (sometimes called "terms of reference") are prepared for all UNDP-supported personnel. The partners concerned must agree on their content. These must be updated and must clearly identify the outputs the person is expected to produce. Individual work plans are also recommended for all staff.

As general principles, the following must always apply:

- All personnel are recruited by the implementing partner (or its contractors) unless otherwise specified (e.g., UNDP provides support services, see below “Recruitment by UNDP”);
- The salaries and other entitlements of locally-recruited personnel must not exceed those within the United Nations system for comparable functions and types of contracts in the country concerned;
- The entitlements for travel of personnel funded by the project must not exceed those for UNDP staff;
- UNDP adheres to the policy of the Joint Consultative Group on Policy (JCGP) on contracting government personnel, which disallows direct payments to government staff for their additional work contributions on donor-supported development projects. Government officials cannot be funded by UNDP projects since this would undermine ownership and sustainability. (For more information, please see the [United Nations policy on payments to government staff](#));
- However, the [UNDP Policy and Procedures for Engagement on National Salary Supplementation Schemes \(NSSS\)](#) and [National Salary Payment Schemes \(NSPS\)](#) states that UNDP can engage in:

- ✓ National Salary Supplementation Scheme: UNDP is asked to engage on the salary supplements to civil service or other government-contracted posts covering direct state functions. The scheme cannot cover UNDP programme, operations or policy posts, which would be covered by standard UNDP project contracts and related procedures;
- ✓ National Salary Payment Schemes: in a limited number of crisis and post conflict country situations, where government is as yet unable to provide the required administrative and management support to ensure the payment of such salaries, it may request UNDP to make these payments directly to the recipient on government contract;
- ✓ An engagement in any of these two areas should be considered as part of a larger wage or civil service reform process (even in times of post crises such would be the initial stages of a longer-term reform strategy); a risk assessment should always be included in such engagement; any direct service support would be for an agreed limited duration only with an explicit and monitored exit strategy; and the engagement requires the approval of the Office of the Administrator and Regional Bureau concerned. More details on the policy and procedures can be found in the link of [UNDP Policy and Procedures for Engagement on National Salary Supplementation Schemes \(NSSS\)](#) and [National Salary Payment Schemes \(NSPS\)](#).

Recruitment by UNDP

As part of UNDP country office support services to national implementation, the UNDP country office may recruit personnel for projects according to UNDP rules. For UNDP recruitment, see

the [Human Resources Management section](#) of the Policies and Procedures for more information.

Contracting to provide goods and services

Reference is made to the procurement plan as developed in initiating a project process. Under a project, a contract is an agreement between the implementing partner and another institution, private firm or non-governmental organization to carry out specific activities, or to provide specific goods or services. Contracting is used where the parties agree that it would be the most cost-effective way of achieving the desired results. This may, for example, occur when a coherent approach is needed to carry out a specific set of activities, or when a component or large part of a project needs to be undertaken by a single entity.

- When national contracting procedures are used, UNDP must ensure consistency with UNDP principles and procedures as described above (see Definitions and Key Principles).
- When UNDP provides procurement as support service, UNDP must ensure an exit strategy and UNDP's procedures must be used. See the [Contracts, Assets and Procurement Management section](#) of the Programme and Operations Policies and Procedures for more information.

The implementing partner must ensure the oversight and monitoring of all contractors' work. For this, the contract should describe progress benchmarks and indicators for measuring the outputs of the contract.

Training

The project can fund training designed to contribute to the expected results and the capacity development strategy of the project. The key policies and principles on organizing training, namely fellowships and other training are:

- Participants in training are project beneficiaries and government staff. Consultants are not eligible for training within a project since they are recruited to perform specific tasks for which they must already be qualified. This however does not apply for the purpose of orientation training on UNDP approaches. In addition, all personnel may participate in local group training activities;
- UNDP programme resources may not be used for the training of UNDP staff alone;
- Sitting fees cannot be paid for training, although UNDP may finance travel and allowances for participants who live somewhere in the country other than where the training event takes place;
- Only training necessary to produce the outputs and achieve results, as identified in the project document and work plans should be funded from project resources;
- The implementing partner must establish procedures to ensure that the right and best-qualified candidates are selected for training;
- Beneficiaries of training must prepare a report not more than one month after their training ends. The employer, normally the government, is responsible for ensuring that

the participant puts the training to good use to achieve results. Impact of training must be regularly assessed as part of project monitoring.

Fellowships

A fellowship is a specific training activity for a qualified individual, referred to as a fellow. The individual is entitled to payment of a stipend. For more information, see [DESA Training and Fellowships](#)

Other training

Other types of training include short-term courses or workshops, study tours and conferences, mentoring programmes, etc.

Micro-capital grants

UNDP provides micro-capital grants for both credit and non-credit purposes as inputs to its programme and project activities. Micro-capital grants are provided to support the activities of non-governmental organizations (NGOs) and community-based organizations (CBOs). An individual micro-capital grant may not exceed US\$150,000. A recipient organization may receive multiple grants provided the grants do not exceed on a cumulative basis \$300,000 within the same programme or project.

The following types of activities are supported by grants for non-credit purposes:

- Strengthening the institutional capacity of local NGOs and CBOs;
- Supporting community-based self-help initiatives, which may include income-generating activities designed to alleviate poverty;
- Promoting advocacy activities and networking between civil society organizations (CSOs), government and donors;
- Supporting NGOs and CBOs involved with local environmental protection and poverty eradication activities.

The project document should provide for an independent mechanism such as a grant steering committee that will review and endorse the selection of recipient institutions, and assess the performance of these institutions in managing the grants.

The implementing partner of the project is responsible for:

- Approving, in consultation with the steering committee, requests for grants;
- Establishing the agreement between itself and the recipient institution;
- Managing the release of the grant;
- Monitoring and reporting to UNDP on the implementation of the activities covered by the grant and the achievement of results from the grant.

More details on the policy and procedures on micro-capital grants can be found in [Guidance on Micro-Capital Grants](#)

Monitoring

At the project level, monitoring is one of the most important responsibilities of any project manager. The project manager monitors the progress of project activities and selects different monitoring approaches to do so, using, inter alia, the tools and mechanisms described below to collect data. Monitoring actions carried out during the “Implementing a Project” stage is founded on planning for monitoring discussed in the “Defining a Project” and “[Initiating a Project](#)” processes, and captured in the monitoring and evaluation framework. (See more details in UNDP [Handbook on Planning Monitoring and Evaluation for Development Results](#)). Monitoring also serves evaluations and vice versa. Effective monitoring requires that the project team, in consultation with the project board, finds the right mix of tools and is able to balance the analysis of reports, reviews and validation, and participation.

UNDP’s monitoring role during the “Implementing a Project” process should be to ensure that:

- The project’s is making progress towards intended outputs;
- Resources entrusted to UNDP are utilized appropriately;
- There is continued national ownership, ongoing stakeholder engagement and sustainability;
- The project’s outputs contribute to intended country programme outcomes, also informing the relevant outcome group¹⁶ or coordination mechanism.

Monitoring tools and mechanisms

A variety of formal and informal monitoring tools and mechanisms described below are available, including risk log updating, field visits and annual reports and reviews. Their format and approaches are adaptable to local needs (such as specific donor requirements), provided that minimum standards in terms of content are reflected.

Regular progress reporting to the project board

Based on agreed regular reporting and review schedule, (minimally annually, but recommended quarterly) the project manager should submit a report to the project board (and where applicable to the outcome group/sector coordination mechanism). As a basis for this reporting, the standard report format available in the Atlas Executive Snapshot can be used (see the Deliverable Description of the Project Progress Report (section 6.0) for further explanations on how to customize the report according to specific needs). The project manager should agree in advance with the project board on the exact progress reporting format and periodicity.

Update of the Risks Log

Based on the initial risk analysis submitted to the local project appraisal committee, the risk log previously activated in Atlas (in the process “[Defining a Project](#)”) should be regularly updated by the project manager to re-assess the status of existing risks. New risks shall also be recorded in

¹⁶ **Outcome Group:** In consultation with the government Coordinating Agency, the Programme Manager (or his/her designate) should ensure that there would be a sector wide or inter-agency group around each major outcome or thematic area in which UNDP is working. Whenever there are existing national structures such as sector-wide coordination mechanisms, UNDP should engage them and participate in these rather than setting up parallel systems.

Atlas, based on consensus by the project board that these new risks may affect the project implementation.

As a minimum, on annual basis, UNDP must perform the following monitoring activities:

Field visits

A representative from the UNDP office should visit each project at least once a year. Field visits serve the purpose of results validation and should provide latest information on progress for annual reporting preparation. Field visits should be documented through brief and action-oriented reports, submitted within the week of return to the office. (Further information is available at [Handbook on Planning, Monitoring and Evaluating for Development Results](#))

Annual Review Report

An Annual Review Report of the project shall be prepared by the project manager and shared with the project board and the relevant outcome group or coordinating mechanism. As minimum requirement, the annual review report shall consist of the Atlas standard format for the project progress report (PPR) covering the whole year with updated information for each element of the PPR as well as a summary of results achieved against pre-defined annual targets at the output level. As such, it can be readily used to spur dialogue with the project board and partners. The annual review report should also:

- In light of operational experience, revalidate the logic of project and programme results and discern what issues have emerged during implementation: Have the foreseen risks and assumption materialized? Have other unforeseen challenges, opportunities and risks materialized? And are they all being managed?
- Confirm that the delivery of outputs would lead to the desired outcome. If not, state what changes are needed. If revisions to project and programme plans are needed, then revisions, results framework with new cost estimates, annual targets etc. should be drafted to facilitate decision making at higher levels.

Annual Project Review

Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the annual work plan for the following year. In the last year, this review will be a final assessment. This review is driven by the project board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes. Once cleared, key elements of the reports shall feed directly into the annual reporting exercise on results at the outcome level. Findings of the annual project review should feed: (a) UNDP programme (country programme action plan) review; (b) Outcome level review by outcome group or sector coordinating mechanisms where applicable; and (c) United Nations Development Assistance Framework annual review process.

Project Revisions

A project document may be revised at any time by agreement among the signatories to the document. The purpose of the revision is to make substantive or financial adjustments and improvements to the project.

The policies and procedures set out in the previous processes for the formulation and approval of project documents also apply to their revision.

Substantive revisions

A formal change in the design of the project is called a substantive revision. Substantive revisions are made in response to changes in the development context or to correct flaws in the design that emerge during implementation. Examples of such flaws justifying revision are: difficulty to measure progress of the project due to unclear definition of expected results or absence of indicators; unrealistic assumptions or conditions that are not likely to materialize; activities that are insufficient to produce the planned outputs. In some cases, corrections may be introduced in the work plan instead of in a full revision.

Substantive revisions may be made at any time during the life of the project. They may be prompted by progress reports, or by other monitoring, evaluation or review activities. Conclusions and implementing decisions of programme board and UNDAF annual reviews should be fully taken into account in revising projects. Where a project is not proceeding as planned, the project manager is expected to raise the issue in the regular progress reporting to the project board, so that the board can decide on how to improve the situation at the next project review. When there is a change in the substantive design, the inputs and the budget will also normally need to be changed.

Substantive revisions should be reviewed through a project appraisal committee meeting to ensure a participatory process involving key stakeholders (this could be done virtually; however, it must be ensured that stakeholders have been duly consulted). Such revisions are reflected in a document describing changes in the relevant sections of the project document. The revision document is signed by all the signatories to the original project document.

Where there are extensive changes to the project and serious difficulties in achieving results are encountered, a redesign may not bring a permanent solution. In such cases, the parties must consider suspension of activities (see below), and, where appropriate, a new project document can be formulated.

The parties may decide to extend the duration covered by a project document to take account delays in implementing certain activities and therefore in producing results. Such extensions do not entail a substantial change in the overall budget. If one or more of the parties proposes a substantial change in the budget, it might be a sign of a serious defect in the design. The other options set out above or in section 2.5 below could then be pursued.

Budget Revisions

On the basis of the year-end combined delivery report, the annual work plan shall serve as annual budget revision while providing a realistic plan for the provision of inputs and the achievement of results for a given year. In Atlas, resources that were budgeted for but not

spent in prior years should be reallocated to current or future years. However, there is no need to revise prior years' budgets to equal actual expenditures.

Within the year, in the interest of sound financial management, budgets must be kept up to date and aligned with agreed plans in order to properly assess progress and performance. Atlas is providing flexibility to re-deploy resources among different inputs and change in activities to ensure achievement of an output. As expenditures are not controlled at the activity level, it is possible to exceed an activity budget, within the tolerance level agreed by the project board. It is nevertheless a good practice to make regular budget adjustments that could be reviewed by the project board when the regular progress report is submitted. Further changes in project budgets may result following these reviews.

Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs do require a formal budget revision that must be signed by the signatories of the original project document. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

Tolerance

Tolerance is the permissible deviation from a plan (in terms of time and cost) without bringing the deviation to the attention of the next higher authority.

In this process, the project board may agree with the project manager a tolerance for each detailed plan under the overall annual work plan. If there is a forecast that the tolerance is to be exceeded, the project manager must refer the matter to the project board, and this may result in a revision. However, within the agreed tolerances, the project manager can operate without intervention from the project board. For example, if the project board sets a budget tolerance of 10% for a plan, the project manager can expend up to 10% beyond the approved project budget amount for the year without requiring a revision from the project board.

Suspension and Cancellation

A project may be cancelled if circumstances arise that jeopardize the achievement of the expected results and where a redesign may not bring a permanent solution.

The UNDP programme manager takes the final decision to suspend or cancel a project and confirms this in writing to the parties concerned, in consultation with the government coordinating agency and the project board. In keeping with his/her accountability for the use of UNDP resources, the UNDP programme manager must cancel projects that are unlikely to achieve the expected results.

- **Suspension.** A project is cancelled only after a period of suspension. During this period, the parties consult and try to resolve the problems by corrective measures. If the problems are resolved, the project activities may be resumed. The programme manager confirms to the parties the date for resuming the activities. In an emergency situation, it is often clear that corrective measures cannot be taken. If so, UNDP proceeds directly with cancellation. See also the section "Programming in Special Development Situations".

- **Cancellation.** If the problems have not been resolved in a reasonable period of time, the project must be cancelled. Unspent Target Resource Assignment from the Core (TRAC) funds from a cancelled project may be reprogrammed, taking into account the outstanding obligations of the cancelled project. Third-party contributions may be re-programmed subject to approval by the donor. The implementing partner proceeds with the steps required for financial completion as described in the process “Closing a Project” below. If cancellation means significant changes in the approved country programme document, an amendment to this document may be needed.

Atlas Considerations

In this process, Atlas shall be used for both financial management and substantive monitoring. This will enable the production of reports that are part of UNDP country office central oversight and monitoring while serving as the building blocks for periodic reviews and communications with stakeholders, such as the web-based reports (Project Progress Report and Project Budget Balance) in the Executive Snapshot. An assumption being made when developing monitoring procedures using the Atlas Project Management module is that project personnel will be granted external access to Atlas, in which case, there must be a clear division of responsibilities regarding the use of the various monitoring tools. In situations when project staff do not have access to Atlas, Word software templates and forms are available as alternatives. Any adjustments to the initial approved budget shall be reflected as budgetary revisions in Atlas to be finalized for the year(s) affected by the adjustment (see budget revisions signed by programme manager or signatories of project document under 2.4 Project Revisions above).

External Access: Implementing partners can access their projects in Atlas through the External Access function. For detailed information or for requesting the setup of external access in a country office, please see [Atlas External Access Portal](#) or contact atlas.external.access@undp.org.

Audit

Audit is an integral part of sound financial and administrative management, and of the UNDP accountability system. UNDP projects are audited regularly and the findings are reported to the UNDP Executive Board. The audit of projects provides UNDP with assurance that resources are used to achieve the results described in the project document and that UNDP resources are adequately safeguarded. Audit requirements may differ depending on the implementation modality (see the [OAI website](#)). Detailed procedures on audit for project implemented by a national institution or a non-governmental organization (NGO) can be found in the [Financial Management section](#).

Evaluation

If mandated by partnership protocols, a project evaluation will take place during this process. For further details, see the section [Evaluation in the POPP](#).

Procedures

| Ref | Step | Tasks and Responsibilities | Atlas Action Points |
|-----|------------------|---|-------------------------|
| 01 | Mobilize Project | Make funds available to the project [Project assurance] | Atlas Financials module |

| | | | |
|-----------|---------------------------------------|--|--|
| 02 | Monitor Project Implementation | Resources <ul style="list-style-type: none"> Financial resources can be made available through various means which are described in further details in the Financial Resources Management Guide. See above section Provision of Financial Resources. Progress report/financial reports will form the basis for continued funds availability. | |
| | | Mobilise inputs to initiate activities [Project manager] <ul style="list-style-type: none"> Inputs are the personnel, goods and services, training and micro-capital grants that are both necessary and sufficient to produce the planned outputs. See key policy issues in the above section Management of Inputs. If not developed in the previous process, initial tasks to be carried out by the project manager include the drafting of terms of reference and inputs specifications. For detailed procedures related to inputs mobilization for a DIM project, see the Contracts, Assets and Procurement Management section and the Human Resources Management section of the Policies and Procedures. | None. When UNDP carries out procurement, Atlas PO/AP module should be used. |
| | | Monitor progress of key activities as defined in the Atlas Activity Definitions pages [Project manager, project assurance] <ul style="list-style-type: none"> See above section Monitoring. Activity (Activity ID in Atlas) should have been defined in the process “Initiating a Project” as part of the monitoring and evaluation framework definition. It may, however, be necessary to review the monitoring framework and make adjustments with the project manager when s/he is in place. As part of this task, the project monitoring schedule in Atlas should also be updated. | Award Summary > Activity Link > Assess Quality <ul style="list-style-type: none"> Quality Rating User Perspective Timeliness Resource Usage % Progress Monitoring Schedule <ul style="list-style-type: none"> Update status |
| | | Monitor risks [Project manager/ project assurance] <ul style="list-style-type: none"> Detailed information on the update of the risk log can be found in the Deliverables Description of the PPR. See also the process “Defining a Project” during which risks are assessed. (For background information, please refer to the Enterprise Risk Management section of the Policies and Procedures.) | Award Summary > Risks Log <ul style="list-style-type: none"> Management Response Status |
| | | Prepare and submit financial report to UNDP [Project manager, project support] <ul style="list-style-type: none"> A financial report is prepared on a quarterly basis by the project manager and submitted to UNDP in order to record the expenditures made during the period (and to request advances if needed). Under the Harmonized Approach to Cash Transfer (HACT), national Institutions and NGOs serving as implementing partner should prepare the Funding Authorization and Certificate of Expenditures (FACE). See above section Provision of Financial Resources. For detailed procedures on financial reporting and FACE, please see the section on Direct Cash Transfers and Reimbursements under the Financial Resources Management Guide. | |
| | | Prepare Combined Delivery Report (CDR) [Project assurance, project support] <ul style="list-style-type: none"> The Combined Delivery Report (CDR), summarizing all project | Atlas report: <ul style="list-style-type: none"> Combined Delivery Report (CDR) |

| | |
|---|---|
| <p>expenditures, is mandatory and should be issued quarterly.</p> <ul style="list-style-type: none"> Based on the financial reports received and recorded in Atlas, UNDP prepares the CDR using Atlas. It should be sent to the project board for review and the implementing partner should certify it. See above section Provision of Financial Resources. For detailed procedures, please see the section on CDR under the Financial Resources Management Guide. | |
| <p>Prepare Project Progress Report (PPR) as required by the project board [Project manager]</p> <ul style="list-style-type: none"> The project manager and project board should agree on the reporting format and periodicity. If the standard PPR available in the Executive Snapshot is used, it will automatically generate report using the information entered in the Award Summary – Project Management module. The standard PPR covers the following: Risks and issues, output level definition, activity level definition including quality assessment and financial summary. | <p>Executive Snapshot</p> <ul style="list-style-type: none"> Project Progress Report |
| <p>Assess project progress [Project board]</p> <ul style="list-style-type: none"> The project board should assess the continuing relevance of the project and review progress made within agreed tolerance. Depending on the cash transfer modality being used, the review shall confirm the availability of financial resources for the next period. If, during the project implementation, any defined project tolerance (set by the project board, mainly in terms of budget and schedule restrictions) is exceeded, a project revision in the form of a revised Atlas AWP must be developed for review by the project board (see also section Project Revisions). | |
| <p>Perform oversight functions through field visits and periodic audits [UNDP Project Assurance]</p> <ul style="list-style-type: none"> Although a field visit may be planned for any time of the year, consideration should be given to the timing of the visit, its purpose in terms of monitoring and what to look for in order to measure progress (see section Monitoring). Visits shall increasingly be joint efforts of several partners involving cluster of projects within an outcome. Such joint efforts are often an efficient way to obtain a comprehensive overview of progress. Refer to the OAI website for more information about audit requirements. Detailed procedures on audit for project implemented by a national institution or a NGO can be found in the Financial Management section. | <p>Update the Project Monitoring Schedule to reflect field visits and audit dates.</p> |
| <p>Commission project evaluation required by partnership protocols and prepare a management response [Project manager, programme manager]</p> <ul style="list-style-type: none"> See the Evaluation section of the POPP. Management responses for all evaluations are required. Progress made in committed actions should be tracked in the Evaluation Resource Centre system. | |
| <p>Update lessons learned log [Project manager, project assurance]</p> <ul style="list-style-type: none"> The lessons learned log should be viewed as an ongoing document and updated regularly with relevant notes on the good and bad lessons learned about the project. | |

| | | | |
|----|-------------------------|--|---|
| 03 | Annually review project | Prepare and forward Annual Review Report [Project manager] <ul style="list-style-type: none"> This is a report from the project manager to the project board and the outcome board, using the format available in the Executive Snapshot or as agreed in advance. The former offers a coherent and structured assessment of progress based on the chain of results initially defined in the Resources and Results Framework (RRF). It may be supplemented by additional narrative to meet specific reporting needs of stakeholders, especially bilateral donors. | Executive Snapshot: <ul style="list-style-type: none"> Annual Review Report Project Budget Balance |
| | | Develop the annual work plan for the next year [Project manager] <ul style="list-style-type: none"> This plan includes developing and/or refining the project results with respect to: <div> <ul style="list-style-type: none"> ✓ Output targets; ✓ Activity details and schedule; ✓ Budget; ✓ Management arrangements; ✓ Funding. </div> These elements shall be validated by the project board, based on the review of the project annual report. | Revise Budget Award Summary>Activity Link <ul style="list-style-type: none"> Purpose Description Quality Criteria Quality Method Start & End Date Award Summary>Output link <ul style="list-style-type: none"> Next Year Target Award Profile > View Contract > Contract Lines for creation of new outputs or activities. |
| | | Conduct annual project review [Project manager, project board] <ul style="list-style-type: none"> Review based on the annual review report of the previous cycle and up-to-date combined delivery report of previous cycle, and appraisal of the plan for the next annual cycle. | Project <ul style="list-style-type: none"> Attachment Project Status <ul style="list-style-type: none"> O or S (if need to be suspended) Award Status <ul style="list-style-type: none"> "Closing" if the Board confirms closing. |

Inputs

- Project document, including monitoring and evaluation (?) framework for outputs and activities;
- Risk log;
- Issues log if available;
- Lessons-learned log if available;
- Project monitoring schedule plan;
- Knowledge products and Communities of Practice (COP) consultations: Existing knowledge products, such as policy notes and briefs, how-to-guides, lessons learned, consolidated replies and analytical studies, should inform the substantive revision of a project when required.

Deliverables

| | What is it? | Learn | Do it in Atlas |
|--|---|---|--|
| Revised Annual Work Plan (AWP) | The AWP template in Word software is available in the Project Document format | On-Demand Atlas Training -Running a project > Plan the next annual cycle -Project Overview and Tools > Generate AWP | UN Reports > Project Management Reports > Proj/Budget Approval Documents > AWP |
| Updated Risk Log | -Deliverable Description -MS Word template -Atlas Sample -Executive Snapshot Sample | On-Demand Atlas Training – Running a Project | Project Management module – Award Summary |
| Project Annual Review Report | -Deliverable Description -No Word template -See samples in the Executive Snapshot | n/a | Executive Snapshot |
| Combined Delivery Report | See the Financial Resources Management Guide | On-Demand Atlas Training – Atlas Project Overview and Tools > Generate CDR | UN Reports > Project Management Reports > Portfolio Analysis > CDR |
| Financial Report (FR) or Funding Authorization and Certificate of Expenditures (FACE) | See the Financial Resources Management Guide | n/a | n/a |

Roles and Responsibilities

Project manager

- Plan the activities of the project and monitor progress against the approved work-plan;
- Mobilize personnel, goods and services, training and micro-capital grants to initiative activities, including drafting terms of reference and work specifications and overseeing all contractors' work;
- Monitor events as determined in the project monitoring schedule plan, and update the plan as required;
- Manage requests for the provision of financial resources by UNDP, through advance of funds, direct payments, or reimbursement using the FACE (Fund Authorization and Certificate of Expenditures);
- Monitor financial resources and accounting to ensure accuracy and reliability of financial reports;
- Be responsible for preparing and submitting financial reports to UNDP on a quarterly basis;
- Manage and monitor the project risks initially identified and submit new risks to the project board for consideration and decision on possible actions if required; update the status of these risks by maintaining the project risks log;
- Capture lessons learnt during project implementation – a lessons learnt log can be used in this regard ([MS Word template](#))

- Perform regular progress reporting to the project board as agreed to with the board;
- Prepare the annual review report, and submit the report to the project board and the outcome group;
- Prepare the annual work plan for the following year, as well as quarterly plans if required;
- Update the Atlas Project Management module if external access is made available.

Project board

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the project manager;
- Provide guidance on new project risks and agree on possible countermeasures and management actions to address specific risks;
- Agree on project manager's tolerances as required;
- Review the project progress and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Review combined delivery reports prior to certification by the implementing partner;
- Appraise the project annual review report, make recommendations for the next annual work plan, and inform the outcome group about the results of the review;
- Provide ad-hoc direction and advice for exception situations when project manager's tolerances are exceeded;
- Assess and decide to proceed on project changes through appropriate revisions;

UNDP project assurance

- Ensure that funds are made available to the project;
- Ensure the project is making progress towards intended outputs;
- Perform regular monitoring activities, such as periodic monitoring visits and "spot checks";
- Ensure that resources entrusted to UNDP are utilized appropriately;
- Ensure that critical project information is monitored and updated in Atlas;
- Ensure that financial reports are submitted to UNDP on time, and that combined delivery reports are prepared and submitted to the project board;
- Ensure that risks are properly managed, and that the risk log in Atlas is regularly updated;

Project support

- Set up and maintain project files;
- Collect project related information data;

- Assist the project manager in updating project plans;
- Administer project board meetings;
- Administer project revision control;
- Establish document control procedures;
- Compile, copy and distribute all project reports;
- Assist in the financial management tasks under the responsibility of the project manager;
- Provide support in the use of Atlas for monitoring and reporting;
- Review technical reports;
- Monitor technical activities carried out by responsible parties.

UNDP programme manager (UNDP resident representative or delegated authority):

- Ensure that resources entrusted to UNDP are utilized appropriately;
- Ensure that the project is making progress towards intended outputs;
- Ensure national ownership, ongoing stakeholder engagement and sustainability;
- Ensure that the project's outputs contribute to intended country programme outcomes;
- Ensure that key results and issues pertaining to project performance are fed into the outcome and programme level monitoring;
- Approve budget for the first year in Atlas;
- Approve and sign the annual work plan for the following year.

Implementing partner (authorized personnel with delegated authority):

- Approve and sign the annual work plan for the following year;
- Approve and sign the Combined Delivery Report (CDR) at the end of the year;
- Sign the Financial Report or the Funding Authorization and Certificate of Expenditures (FACE).

For more details, please see [Programme & Project Management Organization Structure](#) in POPP

Templates and Forms

- Atlas Access - Letter of Agreement between UNDP country office and implementing partner; [[English](#) - [Spanish](#)]
- [Audit Procedures](#) - OAI Web site;
- [Standard Revision Cover Page](#);
- Additional templates for project management as appropriate:

| | What is it? | Learn | Do it in Atlas |
|--|-------------|-------|----------------|
|--|-------------|-------|----------------|

| | | | |
|-------------------------------------|--|---|---|
| Updated Issues Log | -Deliverable Description -MS Word Template -Atlas Sample -Executive Snapshot Sample | On-Demand Atlas Training – Running a Project | Project Management Module – Award Summary |
| Updated Lessons-learned Log | -Deliverable Description -MS Word template | n/a | n/a |
| Project Monitoring Schedule Plan | -Deliverable Description -No MS Word template -Atlas Sample | On-Demand Atlas Training – Running a Project | Project Management Module – Award Summary |
| Project Progress Report | -Deliverable Description -No MS Word Template -See samples of PPRs in the Executive Snapshot | n/a | Executive Snapshot |

Additional Information

Further to the above mandatory requirements, the following optional activities can be carried out as appropriate:

- **Activity Quality Assessment.** An activity quality assessment shall record progress towards the completion of key activities, using the Atlas Activity Definition page in which quality criteria were previously defined (see "[Initiating a Project](#)"). The assessment shall capture feedback from the beneficiary perspective as well as information related to timeliness and resources usage. It should be first completed by the project manager and shall be validated by the project board;
- **Update of the Issues Log.** The issues log, activated in Atlas in the [previous process](#), shall be updated by the project manager to facilitate tracking and resolution of potential problems or requests for change;
- **Quarterly Progress Report.** In addition to annual progress reporting as mandated, a quarterly progress report can be requested by the project board. Based on the information recorded in Atlas, using the standard report format available in the Executive Snapshot, reports can be generated at any frequency. The project board may decide to organize formal meetings to review the project progress report. As needed, there may be additional narrative required by partners to supplement the report (see the Deliverable Description of the project progress report for further explanations on how to customize the report according to specific needs);
- **Lessons-learned Log.** The project Lesson-learned log, activated in the [previous process](#), should be updated by the project manager to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the lessons-learned report at the end of the project.
- Links to external resources have been compiled in a [central page](#), where you will find additional information related to this process.

Closing a Project

Description

One of the defining features of a project is that it is finite - it has a start and an end. The “Closing a Project” process formally ends a project, both operationally and financially.

Preparation for closing a project is triggered:

- By the approaching end of the final Annual Work Plan (AWP), when a project delivers its planned outputs; or
- By it becoming apparent that the project is no longer viable, thus making UNDP decide to cancel the project, based on the project board's recommendation.

When the project annual reviews have been properly conducted, then this process shall be straightforward, as each project annual cycle would have been approved before moving on. Therefore, the focus of this process will be placed on overall performance of the project, evidence of completion, lessons learned, and necessary hand-over to ensure sustainability. In this respect, a Final Project Review Report should be prepared and assessed by the project board during a formal meeting.

If the project has been closed prematurely, the process shall document what has been achieved and recommend the way forward.

Relevant Policies

Project Completion

Operational completion

A project is operationally complete when the last UNDP-financed inputs have been provided and the related activities have been completed. Through the project board, the implementing partner promptly notifies the UNDP country office when this has been done. Should the implementing partner not do so, the UNDP programme manager must determine when the project is operationally complete.

When a project is operationally complete, the parties must agree on the disposal of any equipment that is still the property of UNDP.

Financial completion

A project is financially completed when:

- It is operationally completed or has been cancelled;
- The implementing partner has reported all financial transactions to UNDP;
- UNDP has closed the accounts for the project;
- UNDP and the implementing partner have certified a final Combined Delivery Report (which serves as final revision).

Projects should be financially completed not more than 12 months after being operationally completed or after the date of cancellation. Between operational and financial closure, the implementing partner is required to identify and settle all financial obligations and prepare a final expenditure report. No adjustments can be made to a financially completed project.

For more information about cancellation, please see section 2.5 Suspension and Cancellation in the process "[Implementing a Project](#)".

Final Project Review

A final project review will be conducted during the final quarter of the project duration. Its purpose is to assess the performance and success of the project. It should look at sustainability of the results, including the contribution to related outcomes (and the status of these outcomes) and capacity development. It will also review lessons learned and recommendations that might improve design and implementation of other UNDP-funded projects. Like the annual review, the final project review is driven by the project board and may involve other stakeholders as required, especially any relevant outcome groups. The final project review is distinguished from an evaluation because the latter is an external assessment, while the former is a self-assessment exercise. The findings from the review can be used to inform the evaluation and vice versa.

Transfer or Disposal of Assets

The UNDP programme manager is responsible for deciding on the transfer or other disposal of assets financed by UNDP. He/she does so in consultation with the other parties to the project;

Assets may be transferred to the government for project activities managed by a national institution at any time during the life of a project.

Assets may be temporarily placed in the custody of the UNDP country office, pending transfer or sale. The custody period must not exceed nine months. The need for custody usually arises once UNDP support for the project has come to an end.

Under civil society organization (CSO) implementation, the CSO must return all UNDP-financed assets to UNDP upon completion of the project.

When no longer needed by the project, assets may be transferred to another UNDP financed project or to the government, or it may be disposed of by sale or donation. In all cases of transfer, a transfer document must be prepared and kept on file. More information on Asset Disposal can be found [in this section](#) of the Contract, Asset and Procurement Management Guide.

Learning & Knowledge Management

Project lessons learned should be actively captured to ensure ongoing learning and adaptation within the organization. As a component of the final project review report, a final Lessons Learned Report should be prepared at the end of the project to foster the learning process. In addition, in order to promote knowledge sharing, ideas, experiences and lessons deriving from the project should be shared with colleagues on the Practice Knowledge Networks (e.g. answer

a referral, participate in an e-discussion or peer review, and contribute to the development of a knowledge product).

Atlas Considerations

In this process, Atlas shall be used to produce the final Annual Review Report, assuming that the monitoring tools of the Project Management module have been regularly updated as described in the process “[Implementing a Project](#)”. Atlas shall also be used to ensure that all financial transactions have been properly recorded in order to generate the final [Combined Delivery Report](#) (CDR). In addition, the operational and subsequent financial completion of the project should be properly reflected in Atlas.

Evaluating a Project

Project evaluations are only required when they are mandated by partnership arrangements, such as mid-term and final evaluations for projects funded by the Global Environment Facility (GEF). However, while developing a country programme evaluation plan or at a later stage, country office senior managers may decide to commission additional project evaluations as they generate critical information to support managing for results and provide the substantive basis for the conduct of outcome evaluations.

Depending on the purpose, project evaluations can be commissioned by the country office management at any time during the project cycle: at mid-point, just before or after completion. They should ideally take place around the time of completing a project to determine the future of the project (e.g. continuation or termination of the project), to decide whether the concept should be scaled up or replicated elsewhere, and/or to generate lessons that are of strategic significance for the organization.

Past evaluations are made available in the on-line evaluation repository, the Evaluation Resource Center (ERC), evaluations conducted by the Evaluation Office on its [website](#).

Senior managers are responsible for ensuring that the appropriate human and financial resources are allocated for the conduct of project evaluations, and that a management response to evaluations is prepared in a timely manner. For further guidance on project evaluation, see the sections on [Evaluation](#) and the process [Evaluating a Programme](#).

Procedures

| Ref | Step | Tasks and Responsibilities | Atlas Action Points |
|-----|------------------------------|---|---|
| 01 | Conduct final project review | <p>Prepare final project review report [Project manager]</p> <ul style="list-style-type: none"> When completion is approaching (e.g. 3 months), the project manager must prepare a final project review report. This is a report from the project team to the project board, using the same format as the Annual Project Review Report available in the Executive Snapshot. As such, it does offer a coherent and structured assessment of progress based on the chain of results initially defined in the Results and Resources Framework (RRF). It may be supplemented by additional narrative to meet specific reporting needs of stakeholders, especially bilateral donors. As an annex, a lessons-learned report would also be prepared and | <p>Executive Snapshot:</p> <ul style="list-style-type: none"> Annual Review Report covering the entire duration of the project |

| | | | |
|----|---|---|---|
| | | shared with knowledge networks. | |
| | | Conduct final project review [Project board] <ul style="list-style-type: none"> Using the final Project Review Report, the Lessons Learned Report and other documentation as appropriate, the project board should assess in this meeting the performance and success of the project, and its contribution to related outcomes. Topics during the review shall include: <ul style="list-style-type: none"> ✓ Achievements of last year targets; ✓ Overall project performance and sustainability of results; ✓ Achievement on capacity development; ✓ Outstanding activities; ✓ Lessons learned; ✓ Use of remaining budget, if any; ✓ Effective date of project closure; ✓ Transitioning of responsibilities to national counterparts; ✓ Hand-over of remaining assets. | <ul style="list-style-type: none"> Key documentation produced for the review should be uploaded in Atlas. Project Attachment |
| | | Identify follow-up actions [Project manager] <ul style="list-style-type: none"> To ensure follow-up on aspects discussed in the final review meeting, the project manager should update the lessons-learned report to include a brief record of decisions and conclusions related to follow-up actions. This updated report should be submitted through the Project board to the Programme manager in order to update the Country Programme Evaluation Plan as required. It could also be shared with stakeholders, relevant partners or networks. | None |
| 02 | Commission project evaluation | If required by partnership arrangements or if so decided by UNDP, commission project evaluation, prepare a management response to evaluation and discuss and share findings and recommendations for learning [Project manager] <ul style="list-style-type: none"> Management responses to evaluations are required to all evaluations. They should be developed in consultation with key stakeholders and progress made in committed actions need to be tracked in the Evaluation Resources Centre system. | <ul style="list-style-type: none"> Evaluation report to be uploaded in Atlas if required. |
| 03 | Operationally and financially close project | Notify operational completion of the project [Project manager, project board] <ul style="list-style-type: none"> The project is operationally completed when the last UNDP-financed inputs have been provided and related activities completed. The project manager should notify the project board, who in turn should notify the Programme manager about the operational completion of the project. Otherwise, programme manager decides when the project is operationally complete | None |
| | | Operationally close the project [Project assurance] <ul style="list-style-type: none"> Based on the project board decision to close the project, project status in Atlas will be set to "Operationally Closed". No further financial commitment can be made from that point on. | Project <ul style="list-style-type: none"> Project Status set to "C" Award Profile Status set to "Closed" |
| | | Transfer project assets and files [Project manager] <ul style="list-style-type: none"> Project assets, documents, files, (if not already transferred) should be transferred to the national beneficiaries or national representatives at this time. | None |

- See above section Transfer or Disposal of Assets.

| | |
|--|---|
| Prepare and submit final financial report [Project manager] | None |
| <ul style="list-style-type: none"> • A final financial report is prepared by the Project manager and submitted to UNDP in order to record the expenditures made during the last period. • Under the Harmonized Approach to Cash Transfer (HACT), national Institutions and NGOs serving as implementing partner should prepare the final Funding Authorization and Certificate of Expenditures (FACE). • For detailed procedures on financial reporting and FACE, please see the section on Direct Cash Transfers and Reimbursements under the Financial Resources Management Guide. • United Nations agencies undertaking activities under national implementation must report their expenditures with a Project Delivery Report (PDR). | |
| Ensure that all financial transactions are in Atlas [Project assurance, project support] | <ul style="list-style-type: none"> • Record expenditures as per Financial Report/FACE in Atlas using AP vouchers |
| <ul style="list-style-type: none"> • Based on the financial reports received and recorded in Atlas, UNDP prepares the final CDR and submit it to the project board. • For detailed procedures, please see the section on CDR under the Financial Resources Management Guide. | <p>Atlas Reports</p> <ul style="list-style-type: none"> • CDR |
| Review and sign final CDR [UNDP programme manager, implementing partner] | none |
| <ul style="list-style-type: none"> • The final CDR must be reviewed by the project board, and then signed by UNDP and implementing partner, confirming final project financial accounts and expenditures. The final CDR replaces the previously defined procedure known as Final Revision. | |
| Ensure project accounts are closed [Project assurance] | Project |
| <ul style="list-style-type: none"> • Closure of any project-based financial accounts or funds. Once confirmed, project status in Atlas will be set to “Financially Closed”. No further financial transactions can be made. | <ul style="list-style-type: none"> • Project Status set to “F” |

Inputs

- Completion of project activities;
- Achievement of project outputs;
- Proposed cancellation of the project.

Deliverables

| | What is it | Learn | Do it in Atlas |
|-----------------------------|--|-------|------------------------------------|
| Final Project Review Report | <ul style="list-style-type: none"> -Deliverable Description -No MS Word Template -See samples in the Executive Snapshot | n/a | Executive Snapshot |

| | | | |
|--|--|--|--|
| Final Combined Delivery Report | See the Financial Resources Management Guide | On-Demand Atlas Training – Atlas Project Overview and Tools > Generate CDR | UN Reports > Project Management Reports > Portfolio Analysis > CDR |
| Final Financial Report or Funding Authorization and Certificate of Expenditures (FACE) | See the Financial Resources Management Guide | n/a | n/a |
| Lessons-learned Report | Deliverable Description MS Word template | n/a | n/a |

Roles and Responsibilities

In this process, the following roles are involved:

UNDP Programme Manager (UNDP Resident Representative or Delegated Authority):

- Approve and sign the final Combined Delivery Report (CDR);
- Be responsible for deciding on the transfer or other disposal of assets financed by UNDP (in consultation with the implementing partner and other relevant stakeholders).

Implementing Partner

- Notify to project board operational completion of project
- Identify and settle all financial obligations and prepare a final expenditure report
- Approve and sign the final CDR.

Project Board

- Assure that all project deliverables have been produced satisfactorily;
- Review and endorse the final project review report, including lessons learned;
- Review financial reports, including final CDR prior to certification and signature;
- Make recommendations for follow-on actions to be submitted to the Outcome Group and Programme Board;
- Notify operational completion of the project to the Outcome Group and Programme Board.

Project Manager

- Prepare final Project Review Reports to be submitted to the project board and the outcome board;
- Prepare final lessons-learned report and identify follow-on actions and submit them for consideration to the project board;
- Manage the transfer of project assets and files to national beneficiaries;
- Prepare the final financial report to be certified by the implementing partner and submit the report to UNDP;

- Support the UNDP programme manager in the commissioning, management and use of evaluation, including the preparation of a management response and implementation of committed actions (if delegated).

Project Assurance

- Ensure that the project is operationally closed in Atlas;
- Ensure that all financial transactions are in Atlas based on final accounting of expenditures so that the final CDR can be produced;
- Ensure that project accounts are closed and status set in Atlas accordingly;
- Be responsible for ensuring that final project reports are prepared on time according to standards.

Outcome Group

- Review the final project review report;
- May participate to final review meetings of projects during which the final project review report is assessed.

For more details, please see [Programme & Project Management Organization Structure](#) in POPP

Templates and Forms

The following templates and forms should be used in addition to the ones presented under 6.0 Deliverables above:

- [Transfer of Assets Form](#)
- [TOR for Evaluations](#)
- [Evaluation Report format](#)

Additional Information

Check the [Programme and Project Management Resource Center](#).

HUMAN RESOURCES

This section contains policies, procedures and resources to guide UNDP country offices to work with Government institutions that act as implementing partners of UNDP-supported programmes and projects. The section identifies those procedures which must always be followed irrespective of the variations of national implementation mentioned above. The section also clearly identifies those instances where, if full national implementation is in place and the capacities of national counterparts are proven and tested, government regulations, rules and procedures can apply to project implementation to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. In these instances the Government can also opt to use UNDP's policies and procedures. It should be noted that when there is CO support to national implementation and UNDP is providing services, such services must be provided in compliance with UNDP's Financial Regulations and Rules and using UNDP's policies and procedures and not those of the government.

Description

The purpose of this section is to specify the rules and procedures that govern human resources management (HRM) under UNDP projects implemented by national institutions.

Relevant Policies

Human resources management by implementing partners: Under national implementation, the human resources management (HRM) procedures of the concerned implementing partner shall apply as agreed with UNDP.

As explained in previous sections, the only exception to the prescriptions above would be pursuant to a finding that the implementing partner's procedures contravene the principles of UNDP Financial Regulations and Rules. Financial Regulation 16.05 states:

- (a) The administration by... implementing partners of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP.

The determination that a proposed implementing partner's financial regulations contravene the principles of UNDP Financial Rules and Regulations would be made on the basis of the capacity assessment of the implementing partner conducted during the "Defining a Project" process, in the Chapter on Programme and Project Management above.

Accountability of implementing partners: The implementing partner is directly accountable to UNDP for the HRM actions carried out against the financial resources of UNDP.

Human resource management by responsible parties: As explained in previous sections, a responsible party is an entity that has been selected to act on behalf of the implementing partner on the basis of a written agreement to purchase services from suppliers using the project funds provided by the implementing partner. In addition, the responsible party may manage the use of these goods and services to carry out project activities and produce outputs.

In a common scenario, UNDP acts as responsible party for HRM transactions under national implementation. Under the harmonized programming arrangements, the role of UNDP as responsible party as defined above replaces the previous role of provider of implementation support services under the old programming arrangements. When UNDP acts as a responsible party under national implementation by government, the HRM procedures of UNDP apply. When national counterparts act as responsible parties, the HRM procedures of the concerned responsible party shall apply, or as determined by the capacity assessment of the counterpart, procedures as described below (under 4.0 Procedures for the Management of Human Resources) and consistent with UNDP's procedures in the context of NIM and its principles may apply.

Accountability of responsible parties: All Responsible parties are directly accountable to their respective implementing partners.

Roles and responsibilities

Frequently asked questions pertaining to HRM procedures when UNDP is acting as responsible party under national implementation are set out in the table below. The table contrasts full national implementation and national implementation with UNDP as responsible party. The table below sets out roles and responsibilities for HRM under two common project implementation scenarios, full national implementation and UNDP acting as responsible party under national implementation. As a general guidance, project personnel needed to carry out activities described in the project document under national implementation must be recruited by the implementing partner. Only under exceptional circumstances can UNDP provide such project personnel (but always and exclusively recruiting international personnel under the appropriate modality).

| Questions | Government National Implementation | UNDP Role as Responsible Party Under National Implementation |
|--|---|---|
| 1. Which document establishes the legal context? | Project document | Project document |
| 2. Whose procedures apply? | Government, or UNDP's as agreed with UNDP | UNDP |
| 3. What contract categories apply? | Those of Government, or UNDP's as agreed with UNDP | Service Contracts. Temporary Appointments and Fixed-term appointments may be applied as well. |
| 4. What are the respective roles in preparation; review of job descriptions or terms of reference; advertising vacancies and receiving applications? | Undertaken fully by Government; If requested, UNDP may assist in an advisory capacity only. | UNDP. |
| 5. Who participates in short-listing panel? | Undertaken fully by Government; If invited, UNDP may participate in ex-officio capacity only. | UNDP undertakes short-listing. |
| 6. Who participates in selection panel? | Government manages process. UNDP may participate as ex-officio. Government makes selection. | UNDP evaluates candidates and makes decision. |
| 7. Who makes selection decision? | Authorized Government official | UNDP |
| 8. Which contract format is used? | Government or other contract format agreed with UNDP | Appropriate UNDP contract |

| Questions | Government National Implementation | UNDP Role as Responsible Party Under National Implementation |
|--|---|--|
| 9. What salary scale applies? | Government, or scale agreed with UNDP | UNDP |
| 10. Who signs contract? | Authorized Government official | Authorized UNDP officer |
| 11. Who does the hired project personnel report to? | Project director | UNDP with reporting line as per the TOR, taking into account that the individual serves in his/her individual capacity and not as a representative of a Government institution, corporative body or other authority external to UNDP. |
| 12. Who is responsible for making payments to project personnel? | Government using advances (or reimbursement) of funds made by UNDP, or direct payments | UNDP |
| 13. How are payments made? | Government may make payments 1) from advanced funds, 2) from its own funds (which would be reimbursed by UNDP), or 3) by request to UNDP to make a direct payment. | UNDP pays personnel directly. |
| 14. If UNDP makes a direct payment for Government to project personnel, what conditions apply? | In the event that Government cannot make payments using advanced funds, UNDP may make direct payments for Government on receipt of instructions from an authorized Government official. In such cases, UNDP is not accountable for the underlying transaction. If deemed necessary by UNDP, any supporting documentation requested from the national implementing partner should be copies not originals. Original invoices should be retained by the national implementing partner for audit. UNDP may retain the original bills in agreement with the Government. | UNDP makes payments directly, on its own behalf. |
| 15. In the event of contract extension, who is responsible for performance review? | Government | UNDP |
| 16. Who is responsible for resolving disputes between Government and project personnel?? | Government | UNDP in consultation with the Government. |
| 17. Is the project personnel subject to national social security or tax laws? | Yes for Service Contracts (UNDP staff members cannot serve under the Government authority in full national implementation) | Not if it is UNDP staff i.e. individuals holding Temporary Appointments and Fixed Term Appointments. As these are UNDP contracts, they are not subject to national legislation. The remuneration paid to an individual holding a Service Contract (SC) is not exempt from national or local taxation. The payment of taxes is the sole responsibility of the individual under SC holder. |
| 18. Who is accountable for audit of personnel payments? | Government. | UNDP is fully accountable. Audit will be undertaken following UNDP audit rules. |

Procedures for the Management of Human Resources

Description

Standards and procedures presented in this chapter are to be applied by national institutions performing the role of implementing partner of national implementation projects, as set forth in the project document.

When UNDP or any agency in the United Nations system provides support services (acts as a responsible party) for the implementation of activities agreed upon in the framework of the project, UNDP or the given agency will follow the standards and procedures of the said project, exclusively.

General Criteria

Who Can Contract or Request a Contract

In the framework of national implementation projects, the general rule, except for international professionals who are recruited by UNDP acting as responsible party, is that the contracts, amendments and terminations be signed by the implementing partner, or by the project manager, as set forth in the project document.

The implementing partner must also control all other processes related to contracts (Preparation of terms of reference, recruitment of consultants, signing of contract, payment, etc.).

Contracts are only signed to comply with activities expected and budgeted in the project document.

Principles for Selection of Contractors

The following principles must be observed in the personnel contracting process for the UNDP project.

Competitiveness

This means that by using universally recognized practices:

- A broad search is undertaken to select the best qualified candidates;
- The most suitable person is engaged or the best quotation is accepted in terms of matching the description of functions, keeping a balance between efficiency and costs.

Transparency

This implies an open recruitment process that provides thorough information on an equal opportunity basis for all potential candidates.

Multilateralism

Recruitment will take place regardless of the country of origin.

The implementing partner is responsible for searching and evaluating applicants who meet the requirements for each job and for pre-selecting candidates.

When looking for high-complexity consulting jobs, a public call is recommended if possible, with broad dissemination and a process involving contest and merits to identify the best candidates. In some cases, a "short list" call may take place, identifying candidates from other recruitment processes, recruitment carried out by universities, consulting firms or others (to get candidates from different sources) to identify the largest possible number of applicants, with a minimum of three applicants, to ensure competitiveness, transparency and multilateralism. In all cases, a selection panel will be appointed, to undertake the responsibility of evaluating the applications.

The implementing partner may request the support of the UNDP office and through this support that of specialized agencies in the United Nations system, in order to identify the specialist required. UNDP has the right to intervene in the recruitment process in order to act as observer and controller, validating the terms of reference and the recruitment process as a whole. Background information on this search and evaluation process of candidates will remain with the implementing partner and should comply with auditing plans. The recruitment procedure described above will not be applicable in the case of contract renewals within the same project or when such project is extended.

UNDP policy is not to weaken the Government by contracting civil servants of the State, local governments and entities, and decentralized services, whatever the nature of the relationship (remunerated or not), or by hiring such civil servants under any other modality. However, it is possible to contract people whose relationship to the State --in a broader sense-- is exclusively due to their being teachers in the sphere of public or state education.

The person to be contracted should not have an ongoing service contract with any other UNDP project, nor with any other international organization, the execution of which may overlap in time with the new contract, unless both contracts are part-time (50 per cent).

The person to be hired should not have family relationships (father, mother, son, daughter, brother, sister) with the project coordinator or with a person with a prior on-going contract in the same project, nor should he/she be a spouse of a person hired for the project in a higher or subordinate position vis-à-vis the hierarchy of the contract to be signed.

The person to be hired should not be a member of the regular staff of any international organization.

Those responsible for the projects must abstain from authorizing the beginning of activities by the consultants until the corresponding contract has been signed or until extension of a contract has been agreed through amendment. Retroactive contracts are not accepted. Likewise, contract requests lacking any of the basic elements (including retirement or pension affiliation, as applicable), curriculum vitae, terms of reference, signed Sworn Statements, etc., will not be processed. Contracts will only come into force as from the date when all the required information is available.

Contracts are issued in three original versions:

- One for the contractor;
- One for project files;
- One for UNDP files.

Service contracts can be modified by signing an amendment of the original contract. The reasons for amending a contract are:

- Extension of contract duration;
- Changes in the terms of reference;
- Changes in terms of the % of work time;
- Interruption for a given period of time.

Changes in remuneration due to substantial changes in the terms of reference must be considered as a new contract that requires a new recruitment process.

How to Terminate a Contract

Termination of contracts can be the result of a decision by the project national director, by the contractor or by mutual agreement. In all cases, the period of 15 days previous notification, as set forth in the contract, must be observed. If the duration of the contract is reduced by the project, when circumstances do not allow for the required notification period, the contractor will be entitled to compensation equivalent to one week of gross remuneration for each month of service not completed. If such reduction is the result of non-compliance with standards of conduct or any other important stipulations in the contract, the contractor will not be entitled to previous notification nor to any other type of compensation. In those cases, the contractor will not be eligible for any other future service contract.

International Professionals

| |
|--|
| Personal component of the project: Account 71200 of the budget |
|--|

Who Can be Contracted

Only foreign professionals with residence abroad can be contracted. National professionals residing abroad can only be contracted in national implementation projects according to contractual arrangements and fees applicable to national professional staff (see 4.4 National Professionals below).

How to Contract International Professionals

International professionals can be engaged through a Special Services Agreement (Appointment for Works or Appointment for Professional Services)

| CHARACTERISTICS OF CONTRACTS | |
|---|--|
| For Professional Services | For Works |
| Aimed at contracting the consultant's time and services. | Aimed at contracting the delivery of results/specific outcomes. |
| Terms of payment: if contract exceeds one month, payment is on a monthly basis, with progress controls to be determined. Final payment is subject to verification and certification of satisfactory services. | Payment is based on partial results. Final payment is subject to satisfactory delivery of final results/outcomes. A deadline must be determined for the attainment of expected results/outcomes; this deadline must be observed. If this cannot be observed due to justified reasons, the contract must be amended stipulating a new deadline for outcome delivery. In addition, a deadline must be determined for final payment, |

| CHARACTERISTICS OF CONTRACTS | |
|---|---|
| | including a clause relative to the removal of a payment obligation deadline, if the outcome is not satisfactorily delivered or not delivered in due time. |
| DURATION | |
| The Special Services Agreement cannot be extended for more than 3 consecutive years (following one year contracts). Should it be necessary to continue with consultant services, an interruption of 4 months will be required, after which time the extension of the contract will only be allowed for another 3 years. | |
| LEGAL STATUS OF SUBSCRIBERS | |
| International experts and consultants will be contracted, exclusively, by UNDP, following its own procedures, upon request of the implementing partner. However, they will not be considered as UNDP regular staff nor will they be protected by the Convention on Privileges and Immunities of the United Nations. The Secretary General of the United Nations may grant them the status of Expert on Mission, pursuant to the Convention. | |
| The contracting party will provide an insurance policy that covers occupational accident contingencies or death during the contract period. | |

How to Recruit International Professionals

Recruitment of international professionals is on the basis of general principles set forth under the sub-section General Criteria above, according to the job description approved in the project document and subject to the professional having the necessary qualifications to undertake such functions; under no circumstances should this become a substitution to hiring national professionals in those areas where the latter are sufficiently qualified.

How to Determine Fees

The following factors are to be borne in mind when determining the fees:

- Complexity of activities to be carried out;
- Professional qualifications and expertise;
- Duration of mission;
- Budget availability in the project.

Fees can be mentioned in the contract on the basis of daily, monthly or global amounts; in the latter case, it is understood that the amount includes compensation for travel tickets and per diem. Should fees be determined on a daily basis, the exact amount of days worked at the end of the mission should be certified. A schedule for fees must be established and agreed upon by the Government and UNDP and will be used as reference at the time of determining the remuneration of consultants. Such scale should contemplate internal UNDP regulations. Any deviation from this scale must respond to situations of real exception and should be duly justified by the National Executing Agency in agreement with UNDP.

Tickets and Per Diem

Tickets and per diem corresponding to the consultant's mission may be presented separately or included in the total amount of the contract, as mentioned in the former paragraph.

Per diem only applies to short-duration missions. No per diem can be paid after the sixth month of the contract, as it is assumed that by that time the consultant will have made appropriate

living arrangements for longer periods. In such cases, fees agreed upon must take this factor into account.

Documents Needed to Contract International Professional Personnel

The basic documents required for this type of contract are the following:

- Contract request signed by the project coordinator. This request will be made if a UNDP contract is required, as per the table above, after the recruitment process has been carried out in conformity with UNDP standards;
- Terms of reference signed by the coordinator, specifying expected results, success criteria to measure attainment of results and a progress control diagram that are part of the contract;
- Curriculum vitae;
- Medical certificate stating physical ability to perform the job. Consultants over 65 years of age must undergo a complete medical examination before initiating the mission. Results of this examination must be forwarded to the UNDP office.

Payment of Fees

Payment of fees in any of the two types of appointment described above will depend on the attainment of results and compliance with the progress control diagram included in the contract.

The implementing partner must conduct and keep record of progress controls as set forth in the respective diagram and, in case of non-compliance (delays, deficient quality, etc.), will suspend payment of fees until the service is satisfactorily delivered.

In the case of appointments for services, the maximum period of time in between progress controls to authorize payment is three months. Final payment is always subject to the coordinator's certification, as well as to the delivery and approval of the final report.

In the case of contracts for works, all payments will be subject to progress control. The project coordinator must certify all payments to be made. In the case of final payment, the coordinator must certify that the consultant's final report conforms to the agreed outputs.

In the case of contracts for works, no advance payments are made, unless adequate reasons exist and are duly supported, in which case up to a 20 per cent of the total could be paid at the time the contract is signed. Fees paid according to progress of results can never exceed 70 per cent of the contract total. The remaining 30 per cent, that represent final payment, is also subject to approval by the project national director. In the case of contracts for a global sum that includes tickets and per diem, an advance payment can be made at the beginning of each mission for the total amount of these two items.

Payment notifications and/or certificates must be submitted to the office in charge with sufficient advance so as to ensure timely action, whether to include or cancel payments.

National Professionals

Personal component of the project: Account 71300 or 71400 of the budget

Who Can be Contracted

Local or foreign professionals with residence in the country can be contracted, only if they meet the requirements under the sub-section 4.2 General Criteria above.

How to Contract National Professionals

National professionals can be contracted through a Service Contract that can adopt the following modalities:

- Contract for Services;
- Contract for Works.

The choice of modality (Services or Works) must be specified in the terms of reference that are attached to the contract.

| CHARACTERISTICS OF CONTRACTS | |
|--|---|
| For Services | For Works |
| Contractor works in project offices or in locations where project activities are implemented. | It is not necessary for contractor to work in project offices. |
| In general, contractor is part of a work team. | In general, is not part of a work team. |
| Payment is on a monthly basis, with regular controls. Final payment is subject to verification and certification that services were satisfactorily delivered. | Payment is according to partial results. Final payment is subject to satisfactory delivery of final results / outcomes. A deadline must be set for delivery of expected results/outcomes and this deadline must be observed. Otherwise, provided that delay is justified, the contract must be amended and a new delivery date determined. A deadline should also be determined for final payment with a clause indicating a deadline at which the payment obligation ceases, if the outcome is not satisfactorily delivered within the time-frame stipulated. |
| Aimed at contracting the consultant's time and results as detailed in the terms of reference. | Aimed at contracting the delivery of specific results, detailed in the terms of reference. |
| DURATION | |
| Duration of contracts may be up to 12 uninterrupted and consecutive months; this period can be renewed in response to project requirements. | |
| LEGAL STATUS OF SUBSCRIBERS | |
| Professional performance is independent and autonomous; the subscriber shall be solely liable for any obligation resulting from fiscal, social security, medical legislation in force in his/her country. In consequence, he/she relieves the hiring party and UNDP from any liabilities relative to taxes, social security allowances and/or medical assistance. The hiring party will provide an insurance policy that covers all contingencies in case of service-incurred injury or death during the period of this agreement. In case of death, the project shall immediately notify the insurance company and provide all the information requested. In case of disability caused while in service, which prevents the subscriber from continuing to perform his/her functions according to the contract, he/she shall be entitled to claim for compensation by the insurance company. The project must see to it that a copy of the insurance policy is kept in the files. | |
| The subscriber shall not be considered in any respect as being a staff member of the United Nations system nor is he/she covered by the Convention on Privileges and Immunities of the United Nations and Specialized Agencies. Under no circumstances whatsoever will he/she enjoy a legal-labour dependency link and/or subordination with the implementing partner, nor the UNDP nor the Government. | |

| |
|---|
| LEGAL STATUS OF SUBSCRIBERS |
| The rights and obligations of the subscriber are strictly limited to the terms of the contract. Therefore, he/she shall not be entitled to receive any benefit, subsidy, compensation or entitlement from the project, the implementing partner and/or UNDP, outside what is expressly set forth in the agreement. |
| The contract does not exempt them from paying taxes and they are responsible for paying them and registering with the national internal revenue and/or social security authority. At the time of signing contracts, subscribers must present proof of their affiliation to the corresponding social security schemes. |
| In the case of appointments for services, an annual leave will be included, following the overall local practice. |
| The specific terms of the contracts will contain provisions relative to maternity, paternity or sick leave, following the overall local practice. |

How to Recruit National Professionals

Recruitment of national professionals follows the general principles described in the General Criteria above and the job description approved in the project document.

How to Determine Fees

The following factors are to be borne in mind when determining the fees:

- Complexity of activities to be carried out;
- Professional qualification and experience;
- Location of contractor according to job description in the monthly fees scale for consultants. The monthly fees scale shall be agreed upon between the Government and UNDP;
- Budget availability of the project.

Documents Needed to Contract National Professional Staff

The basic documents required for this type of contract are the following:

- Request for contract signed by project manager. This request will be made if a UNDP contract is required, as per the table above, after the recruitment process carried out in conformity with UNDP standards;
- Terms of reference signed by the project manager, specifying expected results, success criteria to measure the attainment of these results and progress control diagram, that are part of the contract;
- Curriculum vitae – The implementing partner shall demand presentation of originals or certified copies of documents supporting professional titles, degrees and background. These documents will be entered into the project files to be controlled by auditors;
- Registration with the corresponding fiscal and social security institutions;
- Medical certificate stating physical aptitude;
- Proof of health-care services coverage.

Payment of Fees

Payment of fees must follow these principles:

- Payment of fees in any of the two types of appointment described above will depend on the attainment of results and compliance with the progress control diagram, as set forth in the contract;
- The implementing partner must conduct and register progress controls as presented in the corresponding diagrams and in case of non-compliance (delays, deficient quality products, etc.), will cancel payment of fees until the situation is redressed;
- In the case of long-term services, we recommend progress controls every three months;
- In the case of contracts for works, all payments are subject to progress controls;
- In the case of works, no advance payment is effective unless there are duly justified reasons, in which case a maximum of 20 per cent may be paid at the time the contract is signed. Fees paid in relation to progress of results, can never exceed 70 per cent of the total contract; the remaining 30 per cent that represents final payment is also subject to certification of compliance with agreed results on the part of the Project coordinator.
- Payment notifications and/or certificates must be forwarded to the office in charge with enough anticipation to ensure timely action, whether to include or cancel payments

Receipt for Payment of Fees. The implementing partner is responsible for requesting all national professionals with allocation of services or works contracts to submit their bills, invoices and/or receipts, as requested by local legislation, for check payments or bank account deposits or any other modality allowed for payments.

The implementing partner is responsible for the careful keeping and filing of receipts so that they are readily available upon consultation by auditors.

The implementing partner must proceed to interrupt payment if the contractor fails to comply with presentation of bills and/or receipts. The implementing partner can proceed with payments as soon as the situation is redressed.

Filing System. In order to streamline filing systems it is necessary for projects to prepare a folder for each national professional contracted, including contract background, amendments, receipts, progress reports, final reports and any other contract-related document. It is compulsory to include a copy of the professional title and documents relative to fiscal and social security registrations in the individual files, signed by the consultant to guarantee authenticity.

The project is responsible for the careful keeping and filing of individual folders corresponding to national professionals, so that this material is readily available for consultation by auditors, when applicable.

Administrative Staff

Administrative staff (support technical experts): Account 71300 or 71400 of the budget.

Contracting administrative staff will, when applicable, abide by standards and procedures previously described when contracting national professionals.

Training

Training and scholarships: Any foreseen disbursements must be disaggregated into the different components that make up the expense, and each component (consulting, travelling, inputs, etc.) must be charged to the corresponding account.

Who Can Authorize Training

The national project manager authorizes training.

Who is This Training Aimed At

It is aimed at professional staff in the Government implementing partner, at professionals and/or administrative staff contracted by the implementing partner, using project resources. Training must follow the project objectives and must be expressly referred to in the project document.

What Type of Training Can Be Authorized

The only type of training that can be authorized is the one referred to and budgeted in the project document.

How Can Training Take Place

| TRAINING MODALITIES | |
|-------------------------|---|
| Individual scholarships | Structured programmes to study abroad (courses, seminars or workshops). |
| Study trips | Visiting foreign institutions for a short period of time to gain knowledge relative to the job performed within the Implementing partner. |
| Group training | Courses, seminars, workshops, symposia and visits to similar projects abroad or in the country, for very short periods of time. |
| In-service training | Specific in-house training programmes. |

In the case of group training or in-service training within the country, a special completed works agreement can be signed in order to cover the participation of teacher(s) or lecturer(s) in this activity.

What Standards are Applicable

All training-related expenses (travel, per diem, fees, etc.) are charged to the corresponding accounts.

Fees and other allowances funded by the project must not exceed the maximum monthly fee for scholarships applicable in the United Nations system.

The implementing partner must make sure that staff to be trained continues to receive their salaries while training takes place.

In those exceptional cases where, in order to ensure the success of training, it is necessary to recognize and directly reimburse the beneficiaries some costs derived from their participation (such as study material, transportation, etc.) they can be expressly paid an allowance --for a pre-determined period at the outset of training--, the amount of which will be determined according to such costs.

What Documents to Present

The basic documents required to process training activities are the following:

- Request for payment, signed by the project manager;
- Purpose of training and expected impact on the performance of tasks within the implementing partner, as applicable;
- Curriculum vitae of trainers and staff to be trained;
- Agreements with countries and host institutions, where applicable.

Travel and Missions Related to Project Preparation and Implementation

| |
|---|
| Travel and missions: Account 71600 of the budget. |
|---|

Who Can Authorize Travel

Project manager can authorize travel. Should the project manager have to travel, this trip shall be authorized by the highest authority in the implementing partner.

Who Can Travel

The technical professional and administrative staff contracted by the implementing partner, national counterpart staff, and UNDP staff working in the project, through written express decision of the national project manager.

Why travel

Travel can only take place in compliance with project activities. It is estimated according to real costs and includes:

- Trips abroad;
- Trip to other cities or locations within the country.

Medical coverage requirements

Travelling consultants must have an appropriate medical coverage for a period equivalent to the duration of the mission; the incumbent will not pay the cost of this coverage.

How to get the air tickets

The purchase of tickets for project staff is subject to the following principles:

| CONCEPT | DESCRIPTION |
|---------------------|---|
| Standard | The purchase of tickets takes into account the most direct route and the most convenient and economic fare. Tickets for flights that exceed 9 hours can be issued in business/ executive class; this requires approval and justification by the highest authority in the implementing partner. |
| Purpose of the trip | Compliance with project activities. |

Per Diem

Projects can determine their own per diem in so far as these do not exceed the United Nations per diem scale in force at the time of travelling and according to the place where the passenger will spend the night. Under no circumstances can these rates exceed the UNDP per diem rates.

Determination of such rates must be adequately formalized in order to facilitate auditing. Should a project rate not be formalized, UNDP per diem shall apply.

The UNDP office must be consulted in the following situations:

- Cases where accommodation and/or meals are provided free of charge, in which cases the per diem will be reduced. See section below on Payment of Per Diem.
- Under exceptional situations where it is necessary to find accommodation in a very expensive hotel, the possibility of supplementary per diem may be considered. To this end, the original hotel bill must be kept and UNDP will liquidate the corresponding difference. The project manager has to certify/approve the request.

Expenses other than Per Diem

Travellers must submit proof supporting their terminal expenses which under no circumstances can exceed the maximum amounts established according to the United Nations scale in force for each city, and only if there is no organized transportation available to them to and from the airport. In addition, expenses for boarding fees and other applicable taxes will be reimbursed.

Private Car Trips Relative to Project Activities

The implementing partner may authorize the use of private vehicles to travel for project purposes. In those cases, toll-gate expenses will be reimbursed (on presentation of tickets) and any costs incurred when using the vehicle by the implementing partner, indicating kilometres covered (on presentation of the Form "Request for Reimbursement of Travelling Expenses" - F10). The rate in force is reimbursed per kilometre covered in US dollars for trips abroad or its equivalent in local currency for trips to other parts of the same country, according to rates determined by UNDP to this effect.

Payment of Per Diem

Full-day per diem is paid on the day the trip starts plus every 24-hour-period, from midnight to midnight, except for the day the trip ends.

When the trip exceeds 10 hours but does not go beyond midnight, payment of 40 per cent of the per diem value applies. If the trip takes under 10 hours, no payment of per diem applies. In this case, lunch, dinner or transportation expenses will be reimbursed on presentation of the corresponding proof.

The total per diem is calculated as follows:

- Accommodation 50 per cent;
- Meals 30 per cent;
- Transportation and others 20 per cent.

Should the passenger have accommodation and/or meals that are free of charge, the per diem amount will be reduced in accordance with the preceding scale.

National (in-country) Per Diem: 100 per cent of the per diem may be paid prior to departure.

International (abroad) Per Diem: In payment for international per diem, 80 per cent will be estimated and paid prior to departure. Upon traveller's return, on presentation of "Request for Travelling Expenses Reimbursement" - F10, the other 20 per cent will be reimbursed along with corresponding expenses (i.e., boarding tax, terminal expenses). Along with the form, original air tickets or any other document relevant to the trip must be submitted.

How and When to Proceed with Travel Payments

Advance payments and reimbursements for journeys abroad or within the country, are liquidated according to the corresponding scale, and are paid through check or bank transfer.

Per diems are honoured through the presentation of the "Reimbursement of Travelling Expenses" voucher in one original, together with original proof of expenses and the duly signed Request for Payment of Tickets and Per Diem. These documents must be submitted within 10 days after termination of mission.

The claimant may request copy of the reimbursement form, duly liquidated, at the time of payment.

Expenses Resulting from Missions Relative to Preparation, Implementation and Evaluation of Project

| |
|--|
| Mission expenses: Account 71600 – Travelling expenses and 71200 – Fees, of the budget. |
|--|

Who Arranges for a Mission

The Government coordinating agency, the implementing partner and UNDP can take initiative to arrange for a mission.

Which Travels Relate to Mission Expenditures

Those relative to preparation, implementation and evaluating project activities.

All procedures relative to contracting consultants for the missions will be carried out directly by UNDP.

Expenses refer to remuneration, travelling expenses and related expenses corresponding to contracting consultants for specific jobs during project preparation, monitoring and evaluation activities.

Under exceptional circumstances, and with due justification in writing, Government authorities may travel to attend inter-governmental meetings of the United Nations relative to project activities, charging the resulting expenses to account 71600.

What is Travelling For

It is only to ensure that mission activities are carried out. Trips are estimated according to real costs and include:

- Trips abroad;
- Trip to cities and other locations in the country.

Procedures for Purchase of Tickets, Payment of Per Diem and Other Additional Expenses

The same standards mentioned in section 4.7 Travel and Missions above apply here.

Templates and Forms

- [Request for Contract \(3-A\)](#)
- [Sworn Statement \(3-B\)](#)
- [Special Services Agreement for International Professionals \(3-C\)](#)
- [Services Contract for National and Administrative Professionals \(3-D\)](#)
- [Agreement on Terminated Works \(3-E\)](#)
- [Request for Reimbursement of Travelling Expenses \(3-F\)](#)
- [Request for Payment of Tickets and Per Diem \(3-G\)](#)

PROCUREMENT

This section contains policies, procedures and resources to guide UNDP country offices to work with Government institutions that act as implementing partners of UNDP-supported programmes and projects. The section identifies those procedures which must always be followed irrespective of the variations of national implementation mentioned above. The section also clearly identifies those instances where, if full national implementation is in place and the capacities of national counterparts are proven and tested, government regulations, rules and procedures can apply to project implementation to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. In these instances the Government can also opt to use UNDP's policies and procedures. It should be noted that when there is CO support to national implementation and UNDP is providing services, such services must be provided in compliance with UNDP's Financial Regulations and Rules and using UNDP's policies and procedures and not those of the government.

Description

The purpose of this section is to specify the applicable rules and procedures and accountabilities for the management of procurement for UNDP projects implemented by national institutions.

Relevant Policies

Procurement by national implementing partners. In implementation by national institutions, the national procurement procedures as agreed with UNDP shall apply.

The only exception to the above would be pursuant to a finding that the implementing partner's procedures contravene the principles of the UNDP Financial Regulations and Rules (FRR). Financial Regulation 16.05 states:

- (a) The administration by... implementing partners of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP.

The determination that a proposed implementing partner's financial regulations contravene the principles set out in Regulation 16.05 above, would be made on the basis of the capacity assessment of the implementing partner conducted during the initial stage of the "Defining a Project" process, in the Programme and Project Management chapter above. In this instance UNDP procedures must be used.

National implementation is used when there is adequate capacity in the national authorities to undertake the functions and activities of the programme or project. Therefore before transferring the procurement function to the national authority UNDP shall ensure that:

- Implementing partner's procedures do not contravene UNDP's Financial Regulations and Rules;
- Implementing partner has the required capacity to effectively and efficiently manage procurement.

In those instances where the above two points are met, national procurement procedures shall apply. The UNDP country office ascertains the national capacities by undertaking an evaluation of capacity following the [Framework for Using Implementing Partner's Procurement System](#).

Therefore irrespective of the planned project procurement amount (calculated based on the project planned acquisition of goods, services contracted with independent institutional entities and with individual consultants, and civil works) it is necessary to conduct the [Implementing Partner Checklist](#), which includes a procurement assessment of the implementing partner's capacity.

In case the planned project procurement amount of a project exceeds USD 100,000 it is necessary to complement not only the "Implementing Partner Checklist" but also the procurement assessment tool "Compatibility analysis of Implementing Partner with UNDP Procurement Regulation, Rules, Practices and Procedures".

In all cases if the procurement capacity of an implementing partner has been assessed once during the program cycle and conditions remain the same, there is no need to re-assess the procurement capacity of the implementing partner.

The cost of a procurement assessment of the implementing partner capacity will be charged to the project.

Accountability of implementing partners: The implementing partner is directly accountable to UNDP for procurement transactions that it carries out using project funds.

Procurement by responsible parties: As explained in previous chapters, a responsible party is an entity that has been selected to act on behalf of the implementing partner on the basis of a written agreement to purchase goods and services from suppliers using the project funds provided by the implementing partner. In addition, the responsible party may manage the use of these goods and services to carry out project activities and produce outputs.

When UNDP - or any agency in the United Nations system - acts as a responsible party under national implementation, the procurement procedures of UNDP - or the given agency - apply. For all other management arrangements, the procurement procedures of the concerned national counterpart shall apply. Both parties can also agree to the below responsibilities as they are consistent with UNDP's procedures may apply.

Accountability of responsible parties: Responsible parties are directly accountable to the implementing partners.

Roles and responsibilities

The table below sets out roles and responsibilities for procurement under two common project implementation scenarios, national implementation (where Government's procedures apply) and UNDP acting as responsible party under national implementation.

| Responsibilities for procurement of goods, services and civil works | | |
|---|--|---|
| Role or area of responsibility | Full national implementation by government | UNDP as responsible party under national implementation by government |

| Responsibilities for procurement of goods, services and civil works | | |
|---|--|---|
| Preparation and review of specifications | Government, in accordance with national procedures; If requested, UNDP may assist in an advisory capacity only and in the preparation of the project procurement plan on an annual basis. | UNDP in consultation with implementing partner. |
| Short-listing of suppliers | Government, in accordance with national procedures; If invited, UNDP may participate in ex-officio capacity only. | UNDP undertakes short-listing in accordance with UNDP procedures. |
| Bid opening | Government, in accordance with National procedures; If invited, UNDP may participate in ex-officio capacity only. | UNDP opens bids in accordance with UNDP procedures. Government may participate in ex-officio capacity if interested, subject to signing a confidentiality agreement. |
| Bid evaluation | Government, in accordance with national procedures; If invited, UNDP may participate in ex-officio capacity only. | UNDP evaluates bids in accordance with UNDP procedures. Government may participate in ex-officio capacity if interested, subject to signing a Declaration of Impartiality and Confidentiality. UNDP chairs the bid evaluation meeting and should be in the majority in the committee. |
| Review of evaluation of bids and recommendation of award | Government, in accordance with national procedures. UNDP does not participate but may be invited as an ex-officio member. In addition, procurement review committees must be established to review processes above pre-defined thresholds and “no object” the proposed awards. | UNDP CAP, RACP or ACP committees are fully responsible in accordance with internal UNDP procedures. There is no Government participation. |
| Approval of award and signatory of the contract | Authorized Government official. Note: UNDP never signs “on behalf of Government”. | Head of Office, Authorized UNDP official. |
| Making payments to suppliers or contractors | Government makes payments 1) from advanced funds, 2) from its own funds (which would be reimbursed by UNDP), or 3) by request to UNDP to make a direct payment. (See below.) | UNDP pays suppliers or contractors directly in accordance with UNDP procedures. |
| Direct payments by UNDP on instructions from Government | In the event that Government cannot make payments using advanced funds, UNDP may make direct payments for Government on receipt of instructions from an authorized Government official. | N/A |
| Accountability for direct payments made by UNDP on instructions from Government | In such cases, Government is accountable for the underlying transaction. UNDP’s accountability is limited to ensuring that 1) the request is from an authorized official, 2) that the payment is in accordance with the work plan, and 3) that the payment is made to the designated supplier or contractor. If deemed necessary by UNDP, any supporting documentation requested from the national implementing partner should be originals. Otherwise, original | N/A |

| Responsibilities for procurement of goods, services and civil works | | |
|--|--|---|
| | invoices should be retained by the implementing partner for audit. | |
| Receipt of goods | Government, in accordance with national procedures. | UNDP receives goods in accordance with UNDP procedures. |
| Ownership and disposition of assets | UNDP owns assets until the transfer of title is made to the Government. It is advisable that transfer of title take place upon acceptance of goods in consultation with Government. However, asset transfer or other disposition is possible at any other time with appropriate justification. | UNDP owns assets until the transfer of title is made to the Government. It is advisable that transfer of title takes place upon acceptance of goods in consultation with Government. However, asset transfer or other disposition is possible at any other time with appropriate justification. |
| Asset management | Government is responsible for asset management on receipt of goods in accordance with national procedures. | Government is responsible for asset management but UNDP procedures apply. |
| Resolution of legal disputes | Government, in accordance with national procedures, but UNCITRAL procedures is proposed to be considered. | UNDP in accordance with UNDP procedures. |
| Accountability for audit of procurement transactions | Government is fully accountable. Audit will be undertaken following UNDP audit rules for national implementation by government. | UNDP is fully accountable. Audit will be undertaken following UNDP audit rules. |
| Preparation of any terms of reference | Government, in accordance with national procedures. | UNDP prepares terms of reference in consultation with implementing partner. |

| Responsibilities for procurement of individual contractors | | |
|--|--|---|
| Role or area of responsibility | Full national implementation | UNDP as responsible party under national implementation |
| Preparation of terms of reference | Government in accordance with national procedures | UNDP prepares terms of reference in consultation with implementing partner. |
| Participation in evaluation panel | Government is responsible for selection process and national procedures apply. UNDP may participate in ex-officio capacity only. | UNDP is responsible for selection process in accordance with UNDP procedures. Government may participate in ex-officio capacity only. Evaluation panel should be established for SSA selection. Above the established threshold, CAP, RACP or ACP Committees must review the evaluation panel recommendation. |
| Selection of candidate | Government in accordance with national procedures. UNDP may participate in ex-officio capacity only. | UNDP in accordance with UNDP procedures. Government may participate in ex-officio capacity only. |
| Contract Signature | Government | UNDP |
| Supervision of consultant's work, receipt, review and acceptance of the deliverables. | Government | Consultant reports to UNDP. UNDP is responsible for the final acceptance of the deliverables. |
| Performance review prior to any contract extension | Government | UNDP, in accordance with UNDP procedures |
| Resolution of legal disputes between national public institutions, UNDP and consultant | Government | UNDP |
| Payments to consultants | Government may make payments 1) from advanced funds, 2) from its own funds (which would be reimbursed by | UNDP pays consultant directly as per contract terms and conditions, in accordance with UNDP procedures. |

| Responsibilities for procurement of individual contractors | | |
|---|---|-----|
| | UNDP), or 3) by request to UNDP to make a direct payment. In the event that Government cannot make payments using advanced funds, UNDP may make direct payments for Government on receipt of instructions from an authorized Government official. | |
| Accountability for direct payments made by UNDP on instructions from Government | <p>In such cases, Government is accountable for the underlying transaction. UNDP's accountability is limited to ensuring that 1) the request is from an authorized official, 2) the payment is in accordance with the work plan, and 3) the payment is made to the designated supplier or contractor. If deemed necessary by UNDP, any supporting documentation requested from the implementing partner should be originals.</p> <p>Original invoices should be retained by the implementing partner for audit.</p> | N/A |

Standards and Procedures for the Procurement of Goods, Services and Products

Description

This section provides an essential guideline on standards and procedures to be considered when procuring goods, services and/or civil works in the framework of projects that are nationally implemented by government, that is, when a national institution is responsible for the implementation of all project activities. Procurement of individual contractors is presented in sub-section Management of Special Services Agreements, below.

When the project activities are carried out with country office support to national implementation by government, the standards and procedures applicable are the corporate ones established by UNDP and no other. When the project is implemented with the support of an agency in the United Nations system, i.e. responsible party, standards and procedures to be applied are those of the respective agency or organization.

The national institution must apply internationally accepted procedures to select consulting firms and suppliers of goods, services and/or civil works, providing the guarantee of transparent processes, impartiality - as UNDP does not represent any given country, region or business enterprise -, and always looking for the highest profitability for its projects. The national institution, may use standards and procedures according to regulations established by international financial institutions, should the latter fund purchases or contracts within the framework of a UNDP project.

The national institution must be sure to have enough funds in the local UNDP accounts for compliance with commitments undertaken and to honour payments as agreed, following the UNDP regulations.

The national institution must maintain all documents that guarantee that all procedures detailed in this chapter have been observed, be it for project auditing or for any request for information from the local UNDP office.

Principles Guiding Acquisitions and Contracts

The acquisition of goods, services and/or civil works is a process that goes from the identification of needs, selection of purchase modality, preparation and agreement on contract and all phases relative to the contract administration until the end of contractual services or of the shelf-life of any good (asset).

Planning for acquisitions: Planning for acquisitions is essential to ensure an effective and timely operation in terms of calling for bids or proposals, subscribing contracts and delivering goods and services as required. The following must be taken into account during such process:

- Availability of a list of potential acquisition sources;
- Confirmed availability of funds and authorization to use them;
- Preparation and presentation of appropriate descriptions of acquisitions;
- Time period of delivery;

- Evaluation criteria;
- Due justification in the case of non-competitive acquisitions (indication of urgency is not acceptable when it is the result of a lack of planning or sufficient anticipation).

Principles to be observed in the processes to acquire goods, services or civil works:

- **Best Value for Money:** This does not mean selecting the lowest price offered or proposed, but rather the choice based on the integration of technical, organizational and price factors, according to their importance.
- **Impartiality, Integrity and Transparency:** As competition depends on efficiency, impartiality and transparency in the acquisition process, the national institution is responsible for the protection of the integrity of the purchasing process and for the maintenance of impartiality to all bidders. Standards and rules applicable must be clear and not ambiguous;
- **Effective Competition:** The objective is to provide all eligible bidders with information on the requirements of the national institution in due time and with adequate notification, and grant equal opportunities to all of them;
- **Acquisition ethics:** During the purchasing and purchase order or contract execution processes, both bidders and employees involved in the processes are required to observe the highest ethical levels. In this regard, UNDP ethic-related policies must be observed;
- **Environmental considerations:** The national institution must carry out its activities in a way that is environmentally responsible; this implies that goods, and/or services or civil works selected should minimize environmental impact. To help determine the degree of environmental impact of goods and/or services or civil works, indicators that point to the official environmental level for which the product was approved, can be applied; for example, Energy Star, EU Eco label, Energuide, etc.

Procurement Methods

Introduction: In addition to economy and efficiency, UNDP requires transparency and responsibility from the national institution in the use of public funds, which affects the choice of procurement method as well as the documents and procedures to be used.

What to do when requesting Proposals: When the procurement need has been approved, the funds secured and the specifications, terms of reference or bidding documents have been prepared, the national institution must decide which method of procurement they will use. It must be pointed out that, in any procurement process where cost exceeds US\$2,500, it is mandatory to obtain a minimum of three (3) competitive bids, in order to demonstrate the competitiveness of the process and to obtain the lowest evaluated price, as applicable. However, for procurement under US\$2,500, we recommend obtaining three competitive quotations, through an informal process.

The most commonly used methods to request proposals for procurement of goods, works or services are the following:

- Local shopping (< US\$2,500);
- Request for Quotation (RFQ) (> US\$2,500 < US\$100,000);
- Request for Proposal (RFP) (> US\$100,000);
- Invitation to Bid (ITB) (> US\$100,000).

Local Shopping (< US\$2,500): Informal price competition when the amount of the procurement is under US\$2,500. The recommendation is to get three competitive proposals through an informal process (the proposals received must be in writing, either in a letter, fax or electronic mail).

Request for Quotation (RFQ) (> US\$2,500 < US\$100,000): This is the competition to procure goods, services or civil works when the contract is for an amount that exceeds US\$2,500 and below US\$100,000.

In order to conduct a RFQ process it is mandatory to obtain a minimum of three (3) competitive quotes in writing and the choice is on the basis of price.

Competition is obtained by having a minimum of three competitive quotes (that meet the established requirements and terms) that qualify (the supplier meets the pre-determined eligibility criteria), where the lowest price quotation is selected.

This is preferably carried out publicly, though it could be organized by inviting short-listed or pre-selected companies by using one of the different methods available (pre-selection, expressions of interest, list of purveyors, suppliers that have completed previous contracts satisfactorily, etc.). In the case of procurement of goods, we suggest that the list of pre-selected companies include 6 to 12 of them.

A text model for RFQ is included in section 8.0 Templates and Forms, below.

Request for Proposals (RFP) (> US\$100,000): The Request for Proposals (RFP) is mainly used for consulting services or similar services or complex goods. A Request For Proposals can also be used in procurements under US\$100,000 whether buying goods, services or civil works.

A Request For Proposals leads to the selection of the proposal that best meets the specific requirements, including price and other factors included in the proposals received, according to the two-envelope method (see below under sub-section e) Evaluation of bids). It requires compliance with formal procedures.

Sample text of RFP is included in section 8.0 Templates and Forms, below.

Invitation to Bid (ITB) (> US\$100,000): The Invitation to Bid (ITB) is usually employed in purchases exceeding US\$100,000 for goods, civil works or services that can be quantified in terms of quantity and quality.

The Invitation to Bid must be disseminated publicly through ads in the local and international press, or through invitations to bid sent to a list of pre-qualified companies. Pre-qualification is based on a public and open process.

To ensure economy and efficiency, the selection is intended to obtain a minimum of three competitive (according to requirements and terms established) and qualified (the vendor meets established eligibility criteria) proposals, where the lowest-price acceptable proposal is selected.

Sample text of ITB is included in section 8.0 Templates and Forms, below.

Types of Competition: Depending on the nature and size of the procurement process, the competition methods used by UNDP to purchase goods, services or civil works, are the following:

- International Public Bid (IPB);
- Restricted International Bid (RIB);
- Local or National Bid.

International Public Bid (IPB): The international open bid is the method preferred in procurement. It attempts to provide equal and simultaneous information to all eligible bidders on the requirements of the national institution. It starts with an announcement published locally and internationally, inviting interested bidders to request solicitation documents from the corresponding national institution.

For contracts in between US\$100,000 and US\$500,000, it is advisable to publish the procurement notice on the websites of both the local UNDP office and UNDP Headquarters, or IAPSO. In the case of contracts exceeding US\$500,000, notices should be published in addition in the Development Business magazine and/or any other relevant internationally circulating publication. The period between the announcement of the international public bid and the reception of bids, cannot be less than 30 calendar days, and depends on the complexity and nature of goods, services or civil works required.

Restricted Public Bid (RPB): This is limited to a short-list of pre-qualified vendors selected in a non-discriminatory way by the national institution, from a list of qualified vendors, a list of pre-qualified vendors, or a list of those who have expressed their interest, as well as from other sources.

Pre-qualification is conducted through an evaluation of vendors interested in participating in a public bid. To this end, a notice is placed in the national and international press. The period between the invitation to pre-qualify and the deadline to submit the information required in the announcement, must not be less than 15 calendar days. The pre-qualification will be in force for one year.

Local or National Bid: The national institution may use local or national competition in the following cases, through publication in local or national newspapers to ensure competition:

- Civil works, when the country has enough bidders (a minimum of three);
- Professional services under US\$30,000;
- Goods available in the local market of which the price is lower than the reference prices indicated in IAPSO, UN agencies or UNDP long-term agreements.

- Services to programmes that require the knowledge of the reality of the national system.

Exceptions to Competition: The reasons for exception to competition must be within the national regulations that the national institution will use in each of the countries.

Process to Request for Proposals

After deciding the procurement method to be used (namely, RFQ, RFP, ITB), the national institution must prepare the documents to request submission of proposals for the goods, services or civil works required. Though the degree of detail and complexity of these documents will vary according to the nature and amount of the potential contract, they must contain all the necessary information to prepare the bid, proposal or quotation that provides the best value for goods, works or services to be delivered.

Solicitation Documents: Solicitation documents generally include the following:

- Invitation Letter;
- Instructions to Bidders;
- Request for proposal form (that is, proposal, bid or quotation);
- Proposed contract form (that is, purchase order, contract for commercial services or contract for professional services);
- Conditions for contract: general and special conditions;
- Technical specifications, terms of reference or description of works;
- Evaluation criteria;
- Minimum qualification requirements.

Invitation Letter must include:

- Reference and Title of process;
- Legal framework of the process and applicable standards;
- List of documents included;
- Date, place and hour (deadlines) for the receipt and public opening of bids.

While the national institution prepares the solicitation requirements, it should consider the following scenarios for the inputs requested:

Proposals can be requested on the basis of a global amount: When the bidding document covers a large number of low-cost elements and separate allocations would not be an advantage for the project for logistics-related reasons, proposals may be requested on the basis of a global amount. In such cases, the bidders may also respond on the basis of each element or on the basis of "all or nothing".

Grouping similar items: Similar items must always be grouped, regardless of whether proposals are requested on the basis of a group of elements or not. If items are not similar it is advisable to divide them into batches or separate invitations to bid.

Changes in quantities: When the exact amount required is not clear beforehand, an estimated amount may be indicated in the invitation to bid, with a clause that clarifies that the national institution reserves the right to increase or reduce the amount indicated by 25 per cent (maximum) without modifying the terms and conditions.

Language: Solicitation documents and proposals must be prepared in the language chosen by the national institution. The contract signed with the selected bidder must be written in the language selected in the solicitation documents and this language will apply in all communications between the national institution and the contractor.

Instructions to Bidders: These Instructions should contain all the relevant guidelines that govern the preparation, submission and evaluation of bids. The instructions will contain a list of documents required to build a complete bidding process as well as the fact that a bid may be rejected if it does not contain all the elements requested.

When determining the period of time to submit proposals, the national institution will ensure that the time frame is adequate for each bidder to prepare a proposal, bearing in mind the size and nature of requirements. Such period can go from 1 to 6 weeks, depending on the complexity of the input in question.

Alternative proposals: The solicitation documents must clearly indicate whether or not the submission of alternative proposals is allowed.

Amendments of solicitation documents: Instructions will stipulate that additional information, clarification, correction of errors or modification of solicitation documents may be distributed to all bidders before the deadline for reception of bids. Likewise, the offeror will be informed of his/her rights to modify or make corrections to the bid documents that should be submitted in writing and prior to the deadline for the submission of bids. Responses will be part of, and will be jointly read with, the solicitation documents.

Currency and payments: Specific instructions will be given as to the currency for quotations and payment that will be used throughout the process and contract. In order to compare offers received, the national institution will have to convert prices offered to single currency specified in the instructions. To decide which rate of exchange to use, please note UNDP uses the United Nations operational rate of exchange of the day prior to the opening of proposals.

Bid or proposal guarantees: The national institution has the option to request an insurance policy or a bank guarantee. When applicable, the guarantee will be determined on the basis of the total amount of the contract and the complexity of the contract. It is advisable to use guarantees in all processes where contracts exceed US\$300,000; the amount for such guarantee can rise to almost two per cent of the estimated contract value. The guarantee amount must be expressed as a specific amount rather than as a percentage of the total amount of the contract, especially when using a two-envelope system.

The guarantee will be in force for a minimum period equal to that of the validity of proposal, as indicated in the solicitation documents. Depending on the complexity of the goods, services or works to be procured, a reasonable term would be between 30 and 90 days, which is acceptable to evaluate proposals or bids. If a guarantee has been requested for a bid or proposal, any non-guaranteed offer will be rejected.

All proposal maintenance guarantees will be returned once the contract is signed with the selected vendor.

Contract Compliance Guarantee: This is required for all contracts involving large amounts (over US\$500,000) in order to ensure compliance with contract. The amount of the guarantee may vary depending on the nature and magnitude of the contract. It is recommendable that the amount of the guarantee be equivalent to 10 per cent of the contract value and that its validity exceed by at least 30 days the date for contract termination.

The compliance guarantee must be issued in the same currency as the contract and in one of the following ways:

- Bank guarantee;
- Cashier check or certified check;
- Insurance policy;
- Retention of percentage of total payment until final acceptance of good, service or works.

The contract compliance guarantee must be returned to the contractor or vendor within 30 days of contract completion, including any type of guaranteed obligation.

Enquiries by Offerors: Any enquiries on the part of offerors will be handled in writing (letter, fax or electronic mail) or in a conference prior to the submission of bid or proposal and/or a combination of both methods:

Written Method: Any potential offeror in need of a clarification relative to the solicitation documents must submit requests for clarification in writing and the response will come only from the person who issued the documents. Responses to such questions will be granted in writing. These responses, together with the text of the questions, must be forwarded to all prospective bidders or be published, without quoting the origin of the consultation. Written responses will be part of, and will be read out together with, the solicitation documents.

Conference Method: Through the conference method, requests for clarification by bidders to the procuring entity are responded to in a conference prior to the bid or proposal. In so far as possible, responses will be made orally during the conference and, within a reasonable period of time after the conference, they will be sent to all prospective bidders – those attending the conference or not--or will be published in complete proceedings that record the requests and formal responses.

Submission of Bids: It is the responsibility of bidders to make sure that bids are delivered to the office stipulated on or before the date and time specified and that they are duly signed by their legally authorized representatives.

If bids are delivered in person, the bidders must request a receipt from the national institution including date and time of reception.

Late bids must be rejected. The bids or proposals received after the time specified must be returned immediately, unopened, and accompanied by an explanatory letter that indicates date and time of receipt.

Receipt of Bids: In the case of Requests for Quotations (RFQ), the staff member in charge of acquisitions may receive the bids directly via mail, fax or electronic mail. (In the case of electronic mail, the valid date is the reception date by the national institution).

In the case of Invitations to Bid (ITB) or the Requests for Proposals (RFP), all bids or proposals must be received by a person who is not directly involved in the procurement process. Hour and date of receipt must be stamped on all bids or proposals received. Bids will be opened right after the maximum deadline for receipt has been met. The bids or proposals received must be locked up in a safe place.

Models to Request Proposals: Models used by UNDP according to the procurement method employed, are attached to this chapter, in section 8.0 Templates and Forms, below.

Evaluation of Bids

Opening of Bids or Proposals (over US\$100,000): when proposals have been obtained through an Invitation to Bid (ITB), these must be opened in public at the time and place specified on the ITB. The opening must take place immediately after the maximum deadline established for the receipt of proposals has been met, and in the presence of bidders' representatives.

During the bid opening, minutes of the procedure will be prepared and will include:

- Name of bidder;
- Price and currency of bid;
- Prices of alternative bids, if applicable;
- Bid security if requested;
- Discounts, if proposed by any bidder.

This information must be recorded in an appropriate form, signed by the staff in charge of opening the envelopes of the process and the bidders' representatives.

In the case of Requests for Proposals (RFP), it is not necessary to open the proposals in public, given the fact that economic proposals cannot be opened without first completing the technical evaluation.

Application of Evaluation Criteria: The purpose of the evaluation according to UNDP principles is to ensure that the most qualified bid that best responds to requirements provides the best value for money.

Evaluation of Requests for Quotation (RFQ): After quotations are received, proposals will be opened and evaluated in the presence of an Evaluation Committee, appointed by the national institution. In general, this committee must consist of at least three trained employees, to

ensure transparency and impartiality. All bids must be evaluated against a minimum number of selection criteria to assess whether: (1) goods, services or civil works are in conformity to what was requested, and (2) the offeror has met the requirements on the basis of the following factors:

- Compliance with specifications/terms of reference;
- Quality of the product, that is, conformity with national/international standards for such product;
- Promised date of delivery;
- Compliance with UNDP Terms and General Conditions, when applicable (see section Templates and Forms below); the national institution will contact UNDP in order to determine the terms and conditions that must be applied;
- After-sales service capacity in the country;
- Price offered according to stipulated conditions.

In the case of RFQ, the price serves as measure to award contract, unless the proposal is rejected for specific reasons as per the above.

Evaluation of Invitations to Bid (ITB): Once proposals are publicly open, the Evaluation Committee, appointed by the national institution, will proceed with the respective evaluation. This committee will consist of 3 or 5 qualified staff members, to ensure transparency and impartiality. If necessary, a specialized consultant may be engaged to help in the analysis of bids. Each member of the evaluation committee will sign a Declaration of Impartiality and Confidentiality (see sample in section 8.0 Templates and Forms, below).

All bids must be evaluated against specifications, description of the work or terms of reference (TOR) as stipulated in the solicitation documents. The scoring system and evaluation criteria must be determined before the invitations to bid are distributed. Each criterion must have a relative weight depending on the following factors:

- Compliance with specifications, description of works or TORs;
- Product quality, that is, its conformity to national/international standards;
- Delivery date;
- Compliance with UNDP Terms and General Conditions, when applicable (see section 8.0 Templates and Forms, below). The national institution will contact UNDP in order to determine the terms and conditions to be applied;
- After-sales services;
- Availability of spare parts;
- Technical and financial capacity of vendor;
- Price offered according to stipulated conditions.

All proposals will be evaluated and an evaluation report will be issued. Only those proposals that conform with, or exceed, the technical specifications stipulated or minimums required, will be considered acceptable. A description by a bidder on the specifications of his/her offer, which is not contemplated in the invitation to bid, will be carefully examined to ensure that the bid responds to the terms and conditions of the invitation to bid. In the case of invitation to bid, the price serves as measure to award a contract, unless the bid is rejected for not meeting the specifications, description of the work or terms of reference (TOR) as stipulated in the solicitation documents.

Evaluation of Requests for Proposals (RFP): After proposals are received and opened, the Evaluation Committee, appointed by the national institution will conduct the respective evaluation. This committee must consist of 3 to 5 qualified employees, to ensure transparency and impartiality. If necessary, a specialized consultant may be engaged to help in the analysis of the bids. Each evaluation committee member will have to sign a Declaration of Impartiality and Confidentiality.

As proposal is received in two separate envelopes, the Evaluation Committee must first open the technical proposals and then the eligible economic proposals. The national institution can choose among two methodologies to evaluate the technical proposals:

- **Lower Price:** vendors are considered as qualified and with capacity to respond correctly if they obtain a minimum technical score as indicated in the RFP. A proposal that reaches a score of at least 70 per cent can be considered as qualified or entitled. Proposals that do not meet this requirement must be rejected as they cannot respond to what was requested.

Only the economic proposals of those bidders that obtained a minimum score of 70 per cent during the technical evaluation will be opened (see sub-section f) Award of contract, below). The other economic proposals will remain closed.

- **Accumulative Analysis:** Under this methodology, the total qualification is obtained from combining the technical and economic factors. A technical proposal can be considered as qualified or acceptable according to the score obtained in terms of how it meets the technical criteria stipulated in the RFQ. The cost of the proposal is considered as an evaluation criteria and it cannot be under 30 per cent of the total score of 100 per cent of all factors indicated in the RFP. The scoring of technical and economic proposals must be clearly indicated in the RFP (see also sub-section f) Award of contract, below).

Award of Contract

For all contracts of US\$30,000 or more, UNDP appoints for a period of two years a Committee for Contracts, Assets and Acquisitions to advise in writing in an independent and objective way on the procurement and compliance with standing rules and policies; see CCAA Form in Templates and Forms below). The national institution is recommended to follow such a procedure, i.e. establishing a committee to advise in writing in an independent and objective way on the procurement and compliance with standing rules and policies, to ensure a better control of the processes. Should it be required, the UNDP office will provide information on all aspects relative to the above-mentioned committee.

The national institution will award contracts within the validity period for proposals or bids when (1) the solicitation documents have been substantially responded to and (2) the best value for money is obtained. In addition:

When the Request for Quotation (RFQ) has been used, contracts are awarded to the lowest priced qualified bidder;

When the Invitation to Bid (ITB) has been used, contracts are awarded to the lowest evaluated priced, technically qualified bidder. The term “lowest evaluated price” includes (if possible) the cost of other elements such as operational and maintenance costs;

When a Request for Proposal (RFP) has been used, contracts are awarded according to one of the following methods as explained above (these conditions must have been previously stipulated in the solicitation documents of the RFP):

- Offerors that obtain the minimum score required for their technical eligibility, will be invited to the opening of envelopes containing their economic proposals and the contract will be awarded to the lowest priced proposal; or
- Offerors that obtain the minimum score required for their technical eligibility will be invited to the opening of envelopes containing their economic proposals, and the relative weight of each item of the proposals (technical and economic) - as stipulated in the bidding document - is applied; the contract is awarded to the proposal with the highest score.

Negotiation: When price is a selection factor, it is not recommended to negotiate it. However, negotiations with the selected vendor may take place to agree on payment modality, special terms and conditions, delivery date, etc., as long as there is no modification of aspects considered in the decision and evaluation that led to the selection of this bid. It very important that negotiations lead to a clear understanding of both parties as to the responsibilities they assume in the contract.

Types and kinds of contract: The national institution will normally use types and kinds of contract according to the existing standards in each country. It is important to point out that models to be used must be made available to the UNDP country office, so that a verification can be done to ensure that they do not contradict UNDP corporate models of contracts, nor disagree with the General and Special Conditions governing such models.

Contract amendments: In general, amending contracts is not a good practice, and should therefore be avoided, except in specific situations such as: (1) When certain aspects that are not relevant to the contract need to be changed; or (2) when the original contract is being executed according to plans and it is decided that the same entity must render other additional related services.

Information to Non-Selected Offerors and Protest Procedures: the national institution must indicate in the solicitation documents the mechanisms and procedures to be used in such cases.

Transparency: To improve transparency the national institution must publish both in its own website and in the UNDP country office website, information on all contracts signed of which the value exceeds US\$100,000.

Transportation: Freight, or the cost of transportation services, is an important element in the delivery price of many imported goods and its incidence is particularly high in countries lacking direct sea outlets. This may represent around 10 to 15 per cent of the cost of goods.

Insurance of Shipment: During transportation and storage, cargo may be exposed to several risks such as damage, theft, pilferage, destruction, partial or total non-reception of goods delivered. The insurance of shipment protects against economic loss caused by such risks.

INCOTERMS 2000: The International Commercial Terms (INCOTERMS) spell out the obligations of purchaser and vendor relative to the transportation of goods. It is important that these Terms be applied in all contracts relative to transportation of goods carried out by the national institution.

Administration of Contracts

Payment Terms: The payment terms usually employed in UNDP contracts are below. These will be used if UNDP's procedures are followed.

Unless the regular commercial practices or the UNDP interest so require, no contracts or purchase orders will be signed if they require advance payments in the case of contracts for goods, services or civil works. When advance payments are agreed, the reasons must be recorded. The vendors will be requested to grant a bank guarantee or a certified check if the contract requires an advance payment of over US\$30,000. In the case of smaller amounts, the need for a guarantee will be assessed. The bank guarantee or the certified check must be valid for the total duration of the contract. Advanced payments cannot exceed 20 per cent of the total amount of the contract.

In the case of goods, payment must relate to delivery dates applied to purchases (INCOTERMS 2000). In all cases, except when Delivered Duties Unpaid (DDU) or Delivered at Frontier (DAF) terms of delivery are used, payment will be made within 30 calendar days after receipt of shipping documents and invoices. Likewise, in cases where delivery terms such as DDU or DAF are used, payment will be made within 30 days from receipt of goods.

In the case of services or civil works, payment will be in stages and in accordance with products delivered.

Administration of Inventories

Irrespective of the status of transfer of the equipment, the national institution must keep in good order and organized the inventory of all the equipment procured in the framework of the respective project. Likewise, it is responsible for ensuring that the purchased equipment and/or inputs are solely used for the purposes intended in the project and that the equipment is in good working condition.

The national institution must take the necessary steps to update the inventory and is also responsible for obtaining the corresponding insurance policies. The latter must be negotiated directly by the project manager and, in the case of vehicles that have not yet been transferred to the implementing partner, a copy of the policies will be sent to UNDP for control.

Every year, the national institution must provide the UNDP country office with an inventory of all the equipment purchased in the framework of the project. In addition, UNDP may at any time request the implementing partner to provide an update of the equipment inventory, if necessary.

In the case of damage, theft or loss of any equipment purchased in the framework of the project, the national institution must provide a report informing the UNDP country office of this event, attaching the corresponding police report with all details of the circumstances that led to the loss or damage of the equipment. This report may be used with the purpose of requesting the insurance company to replace the item, and also for any appropriate disciplinary action.

The UNDP Resident Representative, in consultation with the implementing partner, will decide on the transfer and other uses or destination of the equipment purchased in the framework of the project. The implementing partner and UNDP sign the transfer document to formalize the transfer. The equipment may be transferred to a third party as indicated by the implementing partner.

At any time during the implementation of the project, the equipment may be transferred to the implementing partner, to another project that will manage it during the development of activities relative to such project, or it can be sold, after consultation with UNDP. After the transfer, the institution receiving the equipment will become responsible for it, from the moment the equipment is received. In all transfer cases, the transfer document must be signed and kept by the implementing partner.

When a vehicle transfer is requested before completing the period stipulated by the Government for the total exemption of duties on such good, the implementing partner must pay the corresponding taxes. Once the transfer is authorized, the implementing partner must return the official license plates to UNDP together with the vehicle property document. In all cases where UNDP transfers vehicles, the national implementing partner must certify that these vehicles are not subject to any unpaid fines. In case of unpaid fines, the implementing partner is responsible for paying these before transferring the vehicles.

Templates and forms

- [Declaration of Impartiality and Confidentiality](#)
- [Request for Quotation \(RFQ\)](#)
- [Request for Proposal \(RFP\)](#)
- [Invitation to Bid \(ITB\)](#)
- [General Terms and Conditions for Goods](#)
- [General Conditions for Professional Services](#)
- [General Conditions for Commercial Services](#)
- [CCAA Form](#)

Management of Individual Contracts (IC)

INTRODUCTION

Definition and Scope

The policies and procedures described in this document have been developed to respond effectively to the dynamic environment in which UNDP operates, and to ensure rational use throughout UNDP offices in engaging individuals to perform a range of tasks, from those involving highly specialized work to those involving more routine services.

As a general policy, the Individual Contract (IC) is used for the procurement of **services of an individual to perform non-staff tasks** in connection with **clear and quantifiable deliverables** which shall be listed in the contract and linked to payment.

The Individual Contract is intended solely to deliver **time and deliverable bound services**, subject to availability of funds. The manager should define a reasonable period of time for the full delivery of the specified deliverables.

These **services can be intellectual in nature** (requiring a consultant) or **support services** (requiring a contractor). Examples of consultancy services include the development of a concept note, the preparation of a project document, moderation of a workshop or rendering strategic technical advice. Contractor services may include repair or maintenance of an immediate nature.

The approving authority must ensure compliance with the process outlined in this document and the proper use of the Individual Contract modality.

The management of Individual Contracts is a procurement activity and therefore subject to competitive processes as elaborated in Section 4.2 “Competitive Selection Process”.

As a result of the competitive process, and depending on the status of the selected Individual Consultant/Contractor, one of the following types of contracts may be issued:

- a) Individual Contract (IC): UNDP desires to engage the services of the Individual Consultant/Contractor who shall complete deliverables according to the defined terms of reference (TOR). As described above, the IC may be used for highly specialized services (consultant) or for more routine services (contractor).
- b) Reimbursable Loan Agreement (RLA): UNDP desires to engage the services of an individual who is working with an entity/institution, which will make available the Individual Consultant/Contractor to complete deliverables according to the defined terms of reference. In the RLA, the contractual relationship is between UNDP and the entity/institution.

For the purpose of the present guidelines, a company/institution shall refer to a legal entity authorized to provide services in the country where they are required. Both contract types are subject to the same procurement processes, procedures and thresholds as outlined in these guidelines.

Overall Procurement Authority

The overall authority for the award, issuance and administration of Individual Contracts rests with the Chief Procurement Officer (CPO), who has delegated such authority to the Resident Representatives (RRs), Bureau Directors, heads of out-posted headquarters (HQ) units and other heads of various offices at headquarters.

Delegation of Procurement Authority

- Resident Representatives, Bureau Directors, heads of out-posted HQ units and other heads of various offices at headquarters, have authority to award a contract or series of contracts with the same individual (IC)/entity (RLA), of up to USD 100,000. This authority applies whether the Individual Contract is awarded based on a competitive process or as a result of direct contracting (waiver of competition). Any increased delegation of authority granted does not apply to Individual Contracts.
- For Individual Contracts or a series of Individual Contracts awarded to the same individual over a 12 month period with a cumulative value above USD 100,000, the procurement authority to award the contract remains with the CPO. For purposes of calculating the cumulative amount, the 12 month period begins 12 months prior to the expected date of contract commencement.

Limits of Delegated Authority

Consultant Fee

For country offices, any Individual Consultant/Contractor with a daily fee exceeding USD 1,000¹⁷, regardless of contract duration, requires approval of the daily fee from the regional bureau director. For HQ units and out-posted HQ units, the approval needs to be granted by the head of the bureau and for independent offices such as the Office of Audit and Investigations (OAI) or the Evaluation Office, by the head of the office. Submissions need to be presented using the "[Consultancy Fee Approval Form](#)". Any such approval must be obtained prior to and be included in any required submission to a procurement review committee (if applicable).

The daily consulting fee is the total contract amount divided by the number of working days for the contracted period (excluding travel expenses and daily allowances/per diems).

Duration

The duration of the Individual Consultant/Contractor's engagement with UNDP should be reasonable given the required output/deliverables that must be performed. In the event that the Individual Consultant/Contractor's engagement on an assignment (including extensions of the same contract) exceeds 12 months, approval from the head of the respective bureau must be obtained prior to any required submission to a procurement review committee (if applicable) and prior to contract signature, to ensure the proper use of this contractual modality.

¹⁷ Excluding travel expenses and daily allowances/per diems

USE OF THE IC

Correct Use of the Individual Contract

The following are the conditions for which the IC is the appropriate contract to be used:

- a. When the required services cannot be met from within the existing staff resources for lack of specialized knowledge and/or expertise;
- b. When the assignment is results-oriented and can be completed outside of the office or within the office for a finite period of time linked to deliverables, and requiring the performance of a non-staff function (which may also include support services); and
- c. For any of the activities that a Service Contract (SC) would be used that are less than 6 months, except in the case of exceptional situations as referred to under Section 4.36 of the [Service Contract User Guide](#). For further details, please see Section 4.1 of the Service Contract User Guide.

Incorrect Use of the Individual Contract

The UNDP manager approving the IC is accountable for the proper use of the Individual Contract modality. Under no circumstances should an Individual Contract (IC) be used for functions normally performed by UNDP staff or in replacement of a UNDP staff member for any period of time. These functions should be carried out under staff contracts such as the Temporary Appointment (TA) (please refer to “[UNDP Temporary Appointment Guidelines](#)”) or the Fixed Term Appointment (FTA) (please refer to the [UNDP Recruitment and Selection Framework](#)).

Individual Contracts must not therefore be used for the following purposes:

- a) To perform staff functions: including but not limited to areas such as programme/project, and operations.
- b) As a stop-gap measure, such as filling posts temporarily vacated by a UNDP staff member on any form of absence or leave (annual, home, maternity/paternity leave, special leave with or without pay, etc.);
- c) When recruitment of a new staff member for an existing position in an office is taking longer than usual for whatever reason;
- d) To fill regular and continuing functions in an office;
- e) As a means to re-instate a staff member whose previous post/function has been abolished;
- f) As a means of placing a staff member on a short-term probationary period, even if a competitive selection process has been completed, prior to confirming the staff member’s appointment to a fixed-term contract or other contract modality;
- g) When a post is created on an experimental basis and the office would like to determine whether the said post and functions should be made a regular post/function in the office.

LEGAL STATUS, RIGHTS AND OBLIGATIONS

Legal Status

Individual Consultants/Contractors serve in their independent, individual capacity and not as representatives of a government or of any other organization including UNDP. They are neither “staff members” under the [UN Staff Regulations and Staff Rules](#) nor “officials” under the [Convention on the Privileges and Immunities of the United Nations](#).

Individual Consultants/Contractors may be given the status of “experts on mission” in the sense of Section 22 of Article VI of the above-mentioned Convention. Such determination is made in each case by the UN Secretary-General who alone has the authority to assert immunity on behalf of the Organization. Under these special arrangements the “expert on mission” may be provided with a UN Certificate for the period she/he is retained. “Experts on mission” are not entitled to UN Laissez-Passers.

During the period of service with UNDP, Individual Consultants/Contractors are required to uphold the standard of conduct set forth in their contract and the "Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission" ([ST/SGB/2002/9](#)). Individual Consultants/Contractors are bound by the terms of their contract to respect the impartiality and independence of the UN and exercise the utmost discretion in all matters relating to the performance of their functions. During the period of service with UNDP, Individual Consultants/Contractors may not engage in any activity that is incompatible with the discharge of their duties with the Organization. They are to exercise the utmost discretion in all matters of official business of the Organization.

Unless specifically authorized by UNDP, Individual Consultants/Contractors may not communicate at any time to the media, or to any institution, person, government or other external authority, any information that has not been made public and which has become known to them by reason of their association with UNDP; except in the course of their duties or by authority of the UNDP Administrator or his/her designate, nor shall they use the information for private advantage. These obligations do not lapse upon cessation of their service with UNDP.

Title Rights

The title rights, copyrights, patents, and all other rights of whatever nature in any material produced under the provisions of the Individual Contract shall be vested exclusively with UNDP. At the request of UNDP, the Individual Consultant/Contractor will assist in securing such title or property rights and in transferring them to UNDP in compliance with the requirements of the applicable law.

Audit and Investigations

Allegations of wrongdoing by Individual Consultants/Contractors shall be reported to the Office of Audit and Investigations, which may, at its discretion, conduct an investigation. Individual Consultants/Contractors are required to fully cooperate with any audit or investigation conducted by UNDP.

Individual Consultant/Contractor Rights and Obligations

The rights and obligations of the Individual Consultant/Contractor are strictly limited to the terms and conditions of the Individual Contract. More specifically:

- i) Individual Consultants/Contractors are specifically engaged for their skills and expertise, and to provide identified deliverables. Under specific circumstances, Individual Consultants/Contractors can participate as non-voting members of corporate committees providing advisory services/support in their substantive area of expertise.
- ii) The services carry no authority or legal rights to bind UNDP into any agreements. They must be performed within the timeframe indicated in the Individual Contract.
- iii) Individual Consultants/Contractors are responsible for paying any taxes deriving from their earnings with UNDP in their home country. In cases where they are on assignment outside of their home country and benefit from the status of “persons performing services” for UNDP in accordance with the [Standard Basic Assistance Agreement \(SBAA\)](#) or other applicable treaty of the country issuing the Individual Contract, their earnings from UNDP in the country of assignment are immune from taxation.
- iv) Individual Consultants/Contractors are not entitled to any benefits, compensation or subsidies except those explicitly provided for in the Individual Contract (IC). Therefore, Individual Consultants/Contractors are not entitled to any staff entitlements such as annual leave (AL), sick leave (SL), or maternity leave.
- v) Individual Consultants/Contractors are not entitled to reimbursement of any taxes.
- vi) Individual Consultants/Contractors must not be given any form of representational, supervisory approving or signing authority for committing UNDP into any legal and/or financial obligations (e.g., Atlas approving authority, signing of contracts, etc.) An affiliated UNDP e-mail address may be granted and in case access to the UNDP intranet is required, the supervising UNDP staff will request it.
- vii) Individual Consultants/Contractors do not participate in the United Nations Joint Staff Pension Fund (UNJSPF) and will not be eligible for any benefits from the Pension Fund in respect of the period of service under an Individual Contract.

No Employer/Employee Relationship

Individual Consultants/Contractors are not staff members and UNDP offices must ensure treatment of the Individual Consultants/Contractors accordingly. For example, as Individual Consultants/Contractors, they must not hold positions in the UNDP Staff Association/Council and may not have any voting rights in UNDP. They may not participate in global UNDP surveys.

SELECTION AND ENGAGEMENT OF ICs

When initiating the selection process for an Individual Contract, the requesting unit must first determine whether intellectual services (requiring a consultant) or support services (requiring a contractor) are needed. This distinction should be reflected under the terms of reference, evaluation method, and payment terms.

Prerequisites for Contracting

The following are prerequisites for engaging Individual Consultants/Contractors under an Individual Contract:

- a) **Budgetary Provisions;** Managers of requesting units must ensure that funds for the services or activities are approved and available in the appropriate budget(s)/account(s); this is essential before the engagement process can begin.
- b) **Assessment that the Individual Contract is the right contractual modality,** especially in comparison with criteria for issuance of a Temporary Appointment (TA) or Fixed Term Appointment (FTA).
- c) **Terms of Reference;** Managers of requesting units are responsible for preparing the terms of reference (TOR); which is developed for the assignment and is the basis for the sourcing, the evaluation and the selection of Individual Consultants/Contractors. The TOR clearly specifies the deliverables and/or activities to be undertaken and the degree of expertise required, as well as the name and title of the immediate supervisor. When creating the terms of reference, the requesting unit should consider whether the assignment requires the services of a consultant or a contractor, as well as whether a daily fee or lump sum payment option is more appropriate under the circumstances.

The TOR must indicate the individual(s) to whom the Individual Consultants/Contractors will report deliverables and must clearly reflect the following:

- General background information on the context of the engagement;
- Objectives of the assignment;
- Scope of work, which must be consistent with the budget for the works, and contain a detailed description of the deliverables and activities to be performed.
- The duration of the assignment; duty station and expected places of travel, if any is required;
- Detailed provision of monitoring and progress controls, including reporting requirements, frequency, format and deadlines;
- A clear and unequivocal definition of the final product/s or deliverables (e.g., survey completed, workshop conducted, data collected, reports written, etc), timeframe for completion of the deliverables and payment milestones;
- Approval process required to certify outputs prior to authorizing payment, payment milestones information if applicable;
- An unambiguous description of the selection criteria including required degree of expertise and qualifications such as specialized knowledge, language needs and experience the consultant/contractor must fulfill;
- If applicable, a detailed list of all inputs and services which will be provided to the consultant/contractor by UNDP or, where applicable, by UNDP's implementing partners, in order to perform the contract; and

- Other relevant information.

The TOR should also state whether the assignment requires partial, intermittent or full time presence on UNDP premises, and a sound justification as to why a full time presence on UNDP premises is required, if the latter applies. If support services such as office space, equipment, secretarial services, etc. are required, the TOR should clearly state what arrangements for such needs are being made and indicate the responsible party.

Competitive Selection Process

All Individual Consultants/Contractors must, unless otherwise provided in these guidelines, be selected through a competitive process.

The holder of delegated procurement authority is responsible for instituting competitive selection procedures for engagement of all Individual Consultants/Contractors in his or her office and projects.

This section covers two elements of the selection process – structuring of the consultant/contractor financial proposal and a description of the process.

Setting the Consultant Fee; the Importance of Market Price

As a key element of the competitive selection process, the requesting unit shall require financial proposals from IC applicants, in order to identify the market price and as an element of the evaluation. Depending on the nature and complexity of the assignment, all IC applicants will be requested to submit their financial proposals based on a lump sum or daily fee approach.

Lump sum contracts

The financial proposal specifies a total lump sum amount, and specifies the payment terms around specific and measurable (qualitative and quantitative) deliverables (i.e. whether payments are made in installments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, it is recommended that a breakdown of this lump sum amount (including travel, per diems, and number of anticipated working days) is provided by the IC candidate. The lump sum approach is the preferred method, as it clearly links deliverables and payments transferring any unforeseen risks for the completion of the deliverable to the consultant/contractor.

Contracts based on daily fee

The financial proposal specifies a daily fee, travel expenses and per diems quoted in separate line items, and payments are made to the Individual Consultant/Contractor based on the number of days worked.

The daily fee is **all-inclusive** and shall take into account various expenses incurred by the consultant/contractor during the contract period:

- Consultant daily rate

- Health insurance as applicable
- Risks and inconveniences related to work under hardship and hazardous conditions
- Any other relevant expenses related to the performance of services under the IC.

The daily fee approach should only be used when clear, quantifiable deliverables are difficult to articulate prior to commencement of the assignment. The following template may be used and adapted depending on the specificities of the assignment: [“IC Procurement Notice”](#)

Description of Selection Process

While the above provides an overview of the fee structure and cost elements to be considered in the selection process, Section 4.2.2 begins with a table providing specificities of minimum requirements depending on contract value (below 2,500 USD, between 2,500 and 100,000 USD, and above 100,000 USD). Furthermore, steps outlining the selection process will be provided.

| Amount | Sourcing | Receipt of offers including financial | Evaluation | Reference Checks | Negotiation | Review of Award |
|------------------------|--|---------------------------------------|--|---|-------------|--|
| Less than 2,500 | No competitive process necessary, past performance review and note to file | Yes, even if only 1 candidate | Review against the established criteria and note to file | To be determined by the unit, depends on nature of the assignment | Yes | Evaluation team prepares and signs the note to file for the Procurement Authority's approval |
| 2,500 – 100,000 | At least 3 qualified applicants to be considered. (Advertisement optional) | Yes | Desk review and/or interview | Yes | Yes | Senior official's approval (for awards above \$30k) |
| Above 100,000 | Advertisement mandatory | Yes | Interview mandatory | Yes | Yes | RACP approval |

Sourcing of Applicants

Where a competitive process is required, at least three qualified¹⁸ applicants must be identified through an advertisement, an established roster, or prior good performance under similar types of assignments or consultation with colleagues. The process for selecting applicants through a roster or through an advertisement is distinguished below:

- *If applicants are identified through an established roster or other sources of information*

The procurement notice (based on the standard template – [“IC Procurement Notice”](#)) and TOR are forwarded to at least three identified applicants. The notice shall clearly require applicants to submit an application including the following:

- Letter of interest/proposal (when applicable):
 - Explaining why they consider themselves the most suitable for the work

¹⁸ Qualified applicants are those meeting the minimum requirements established for the selection process of the IC.

- Providing a brief methodology, if applicable, on how they will approach and conduct the work
- Personal CV including past experience in similar projects and contact details of referees
- Financial proposal

➤ *If the assignment is advertised then:*

A procurement notice based on the developed TOR is posted on the UNDP website and in any other place or manner that is deemed feasible (e.g. in specialized magazines or on websites or networks of other organizations or clients). The notice is posted using a standard template including background, required competencies, knowledge and academic qualifications, experience and language. In determining complexity of the TOR, the requesting unit should consider the nature of the assignment (e.g. whether it requires a contractor or consultant). The TOR shall be attached to the procurement notice. The evaluation method must also be decided at this stage, and identified in the procurement notice. The evaluation methods are further described below under the heading “Evaluation Method”.

The procurement notice shall remain open for at least five (5) working days (ten (10) working days is recommended) after the date of announcement. The notice shall clearly require applicants to submit an application including all information as described above.

Reception of offers

Offer(s) based on established TOR, whether from one or more applicants, will be requested and received by the procurement unit, by the stipulated deadline. Offers may be received by envelope, fax or e-mail. In the case of fax or e-mail, a dedicated fax number/e-mail account must be used to ensure confidentiality.

Evaluation Method

- All applications shall be evaluated in accordance with the criteria stated in the procurement notice based on the terms of reference;
 - Compliance with minimum requirements, e.g. academic qualifications or number of years of experience.
 - Demonstrated technical and personal competences, e.g. subject matter understanding, analytical skills or communication skills.

The evaluation method will be determined based on whether the assignment requires a consultant (intellectual/strategic services) or a contractor (support services). This method must be identified under the procurement notice. The business unit will have the option of selecting from the two options below:

- Best value for money approach; usually used for assignments that are intellectual in nature, which takes into account a combination of the applicants’ qualifications and financial proposal. The financial proposal should account for a minimum of 30% of the total evaluation score

- Lowest evaluated offer of technically qualified applicants, usually used for consultants or contractors performing support services
- When selecting Individual Consultants/Contractors, UNDP seeks to identify the right level of competences to ensure deliverables identified in the TOR are achieved. The evaluation process may either occur through a desk review and/or interview as described below. Nevertheless, if a desk review is used as the only evaluation method, the evaluation team chairperson shall verify the selected candidate's capacities and competences through an interview as part of the validation process.
- The requesting unit screens all applications. A list of all applicants, indicating who meets minimum qualifications and requirements, as stated in the procurement notice, shall be prepared. The requesting unit is expected to short-list a minimum of 3 applicants from this list.

The requesting unit shall prepare an evaluation grid listing evaluation criteria as described in the procurement announcement, the weighted (score) allocated to each criterion, and a minimum threshold. The weight should reflect the importance of each criterion, and the minimum threshold should indicate the minimum total score at which the candidate would be perceived to meet the job requirements. Each criterion will be evaluated as follows:

| | |
|--|---------------------|
| The individual consultant/contractor has demonstrated an OUTSTANDING capacity for the analyzed competence. | 5 (outstanding) |
| The individual consultant/contractor has demonstrated a VERY GOOD capacity for the analyzed competence. | 4 (Very good) |
| The individual consultant/contractor has demonstrated a GOOD capacity for the analyzed competence. | 3 (Good) |
| The individual consultant/contractor has demonstrated a SATISFACTORY capacity for the analyzed competence. | 2 (Satisfactory) |
| The individual consultant/contractor has demonstrated a WEAK capacity for the analyzed competence. | 1 (Poor) |

- When applications are evaluated through a desk review, the requesting unit establishes an evaluation team -minimum 2 members, preferably consisting of 3 - including one from a unit other than the requesting unit (program/operations), with a suitable background. At least one of the members must be UNDP staff and will take the role of evaluation chairperson. The evaluation team must assess and rate each short-listed candidate based on submitted documentation using the evaluation grid.
- When applicants are evaluated through an interview, the interview panel (ad hoc established as stated above by the requesting unit, including one member from another unit (program/operations)) shall agree—prior to the interviews—on the questions the candidate should be asked and the skills and knowledge that they are expected to demonstrate in response thereto. Questions should clearly relate to the established evaluation criteria. In order to ensure fairness, applicants shall be asked the same set of questions during the interview. The interview panel must assess and rate short-listed applicants based on their submitted documentation and their performance at the interview by use of the evaluation grid.

- Applicants short-listed for interview shall be informed at least twenty-four (24) hours in advance of the interview. In situations where an applicant withdraws his or her application, the requesting unit can include the next ranked applicant for interview provided that the applicant's profile meets TOR criteria.
- Upon completion of the desk review/interview, the evaluation team shall discuss all the applicants and agree on the most suitable candidate; the evaluation team shall then finalize its ratings and prepare and sign interview/desk review minutes.
- Reference checks are an important part of the selection process. These checks must always be conducted for the selected candidate. At least two positive references should be obtained. A positive reference check within the last two years is valid for this purpose.
- The requesting unit must ensure vendor eligibility in accordance with UNDP rules and regulations, including eligibility established by such bodies as the Security Council (i.e. Security Council Resolution 1267).
- The applicant receiving the highest score or the lowest evaluated offer meeting minimum requirements and competences (depending on the selected award criteria), shall be the recommended applicant.

Fee Negotiations

Once the best qualified applicant has been identified, the fee may be negotiated. A minimum of two (2) staff members (preferably one from the beneficiary unit and the other from the procurement staff) shall take part in the negotiations. The basis for negotiation is the financial proposal submitted by the individual in the offer. Negotiations will take into consideration the available budget for the assignment, the established payment rates for international Individual Consultants/Contractors, or local market rates for local Individual Consultants/Contractors. The requesting unit **shall make no commitments prior to proper award of contract** and the applicant must be informed that the result of the evaluation and negotiations is subject to approval of the contract award by the relevant procurement authority. The final negotiated agreement needs to be put in writing in a note to file prepared and signed by the negotiation team and retained for internal records.

Award

Once the contract award is determined, the contract, depending on the amount and duration, may require further review prior to approval by procurement.

Direct Contracting

All Individual Consultants/Contractors should be selected through a competitive process. Under certain circumstances, and subject to proper justification, it may be appropriate to consider a single applicant as the sole suitable individual for selection. Justification for direct contracting¹⁹

¹⁹ For further information on direct contracting, please see "Procurement Methods" under the "Contract and Procurement Management" section of the Programme and Operations Policies and Procedures (POPP).

must be from those categories listed under 121.05 of the UNDP Financial Rules and Regulations. In such cases, the process is as follows:

- Direct contracts from USD 2,500 to USD 100,000 require approval of the RR/Head of the Business Unit.

For direct contracts above \$30,000 but below \$100,000 the justification for direct contracting and the best value for money analysis needs to be reviewed and endorsed by the Deputy Resident Representative Operation DRR(O), Deputy Country Director Operations DCD(O), Operations Manager (OM), Head of the Procurement Unit or CAP Chairperson, prior to the final approval by the procurement authority, RR/Head of the Business Unit, or delegated procurement authority.

- Direct contracts from USD 100,000 or more require Regional Advisory Committee on Procurement (RACP) approval (in the absence of RACP, cases will be reviewed by ACP).

Procurement Review Committees

Contract, Asset and Procurement Committee (CAP)

Individual Contracts or series of Individual Contracts awarded to the same individual/entity with a cumulative value of less than USD 100,000 per business unit over a 12 month period, whether the contract is awarded based on a competitive process or direct contracting, do not require a review by the Contracts, Asset and Procurement (CAP) Committees prior to approval.

Regional Advisory Committee on Procurement (RACP)

Individual Contracts or series of Individual Contracts awarded to the same individual with a cumulative value above US\$100,000 per business unit over a 12 month period require Regional Advisory Committee on Procurement (RACP) approval. For purposes of calculating the cumulative amount, the 12 month period begins 12 months prior to the expected date of the new contract commencement. This threshold applies whether the contract is awarded based on a competitive process or direct contracting (waiver of competition). Individual Contracts submitted for review to the RACP do not require prior review by the local CAP. Nevertheless, as an integral part of the submission process to the RACP, it is mandatory to include, as part of the submission dossier, comments from the local CAP Chairperson regarding the selection process.

Moreover, any amendment to a contract previously reviewed by the RACP, where the contract amendment either increases the total contract amount by more than 20 percent or USD 100,000, whichever is less, shall be reviewed by RACP.

Finally any amendment of a contract not previously submitted to RACP, where the revised total contract amount is valued at USD 100,000 or more, shall be submitted to the RACP.

The Regional Advisory Committee on Procurement (RACP) reviews Individual Contract requests and provides advisory support to the Head of Offices/Bureaus on requests for Individual Contracts with regards to:

- a) direct contracting (waivers of competition);
- b) compliance in the competitive selection process;

- c) suitability of individual selected;
- d) appropriate level of fees;
- e) appropriate duration and contractual modality for the assignment;
- f) conformity with IC policies and guidelines taking into account restrictions in the engagement of individual contractors/consultants, such as former staff, relatives, etc.; and
- g) recommendation on approval to issue IC.

In the absence of RACP, Individual Contracts will be reviewed by the Advisory Committee on Procurement (ACP).

Issuance of a Contract (Individual Contract/Reimbursable Loan Agreement)

When issuing a contract to the selected applicant, the unit must decide whether an Individual Contract (IC) or Reimbursable Loan Agreement (RLA) is appropriate. Individuals contracted through an institution or company shall be issued a Reimbursable Loan Agreement (RLA). For the purpose of the present guidelines, a company/institution shall refer to any entity legally authorized to conduct business.

Irrespective of whether an IC or RLA is used, the selected applicant must submit the following documents before the contract is signed:

- All consultants/contractors \$2,500 and above should complete and sign a [P11](#) before award of contract. (While a P11 form is a Human Resources form it is used here to ensure uniformity in the provision of personnel information).
- For an IC of 62 years or more on an assignment requiring travel, a full medical examination and statement of fitness to work must be provided (this is not a requirement for RLA contracts).

Upon approval of the recommended applicant, the procurement unit may then issue an offer for the engagement of the consultant/contractor. A [Letter of Intent](#) is recommended for use mainly to facilitate issuance of visas, as and when required.

Upon completion of all of the above requirements, the Individual Contract should be provided to the Individual Consultant/Contractor for signature, together with the TOR and relevant documents referred to in the contract. No work should commence until the contract has been duly approved and signed by both UNDP and the Individual Consultant/Contractor.

Computerized System for Individual Contract Administration

The administration of the Individual Contract is automated under Atlas. Individual Consultants/Contractors are and must be strictly treated as vendors of services, registered in the procurement module of Atlas. In order to avoid duplications in Atlas, Individual Consultants/Contractors need to present an official identification (i.e. passport or national ID).

Commencement of Services

Neither commencement of work nor payment of remuneration is permitted before Individual Contracts are signed by both parties. Engagement of Individual Consultants/Contractors on a retroactive basis is not permitted under any circumstance. Strict compliance with this

requirement should be enforced to safeguard both the interests of UNDP and the individuals concerned.

Post Facto

Post facto actions are not part of the procurement process. The UNDP official authorizing or approving an award without the requisite approvals is solely accountable for the action. The business unit concerned should submit a justification for the post facto action to the CPO/RCPO, who will assess and decide whether further action is necessary by concerned oversight HQ units.

Amendment of Individual Contract

Amendments of the IC are used when contracts are extended beyond the initial contract period and/or when there are minor modifications of contract provisions. There are two possible options for amending a contract:

- Amendment of timeframe/no-cost amendment: a short explanation should be provided on why the timeframe needs amendment (extension).
- Amendment with additional activities in line with the original TOR/cost amendment: a short justification on how the amendment of the contract will enable the contracting unit to achieve development results and any other explaining factors.

A revised TOR and/or revised deliverables will require a new competitive process.

Amendments are effective only when approved by the UNDP delegated procurement authority.

Retainer Contract and Long Term Agreement

A retainer contract may be used to engage Individual Consultants/Contractors where feasible. It specifies the unit price and schedule of services to be rendered. The retainer contract creates a firm commitment on both parties; UNDP provides a financial commitment while the consultant/contractor provides a commitment of availability for satisfactory and timely completion of deliverables. Therefore as a retainer contract implies a financial commitment, UNDP must issue a contract with maximum expenditure level.

A Long Term Agreement (LTA) may also be used to engage individual consultants/contractors. The LTA specifies the unit price, allowing for a framework agreement to be used when the consultant/contractor's services are needed. Unlike the retainer contract, LTAs do not require a financial commitment from UNDP at the time the LTA is signed. Financial commitments will be established on an ad-hoc basis every time services are requested within the scope of the LTA and a contract will be issued.

Both a retainer contract and LTA, as is the case with other Individual Contracts, need to be based on a competitive procurement process which includes advertisements, short-listing, and evaluation based on established criteria including financial evaluation and approval by the relevant procurement authority. For detailed information regarding how to manage the competitive selection process, see 4.2 "Competitive Selection Process".

Retainer contractors and LTAs are to be used when engaging an individual on an intermittent basis. A retainer contract or LTA should be regularly renewed depending on performance, which should be reviewed at the end of each year. Therefore, at a minimum, a competitive procurement process must be conducted every three (3) years. These agreements may not be used when a consultant/contractor is needed on a permanent basis over a period of time.

SERVICE-INCURRED LIABILITY

Statement of Medical Fitness for Work

Individual Consultants/Contractors whose assignments require travel and who are over 62 years of age are required, at their own cost, to undergo a full medical examination including x-rays and obtaining medical clearance from an UN-approved doctor prior to taking up their assignment.

Inoculations/Vaccinations

Individual Consultants/Contractors are required to have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director. The cost of required vaccinations/inoculations, when foreseeable, must be included in the financial proposal. Any unforeseeable vaccination/inoculation cost will be reimbursed by UNDP.

Service-Incurred Death, Injury or Illness

UNDP will provide a specific insurance benefit regime for the Individual Consultant/Contractor to cover service-incurred death and disability under a group insurance policy managed and administered by UNDP headquarters, for all Individual Consultants/Contractors. Reference should be made to the table "[Insurance coverage](#)". Individual Consultants/Contractors who, under the terms of their contract, are required to travel (domestically or internationally) at UNDP's expense or to perform services in a UNDP office, will also be covered by corporate service-incurred liability insurance, in the event of death, injury or illness attributable to the performance of official UNDP duties. This insurance for Individual Consultants/Contractors is centrally administered by PSO/BoM in New York. This insurance premium will be recovered from the requesting unit on a periodic basis.

Malicious Acts Insurance Policy

Individual Consultants/Contractors who provide services in, or travel at UNDP's expense to, a designated hazardous duty station are covered by the Malicious Acts Insurance Policy (MAIP). Because of this, the Individual Consultant/Contractor must comply with all UN security directives. Failure to comply with such security directives is grounds for termination of the Individual Consultant/Contractor for cause and possible loss of MAIP eligibility and benefits. The office issuing the Individual Contract shall be required to ensure that the Individual Consultants/Contractors are aware of all security directives, including issuance of security clearance for travel.

TRAVEL

Travel modes applicable to IC

There are two types of travel that may be applicable to Individual Consultants/Contractors:

- Mission travel, which is generally defined as travel that is requested as part of the performance of functions under the contract. This type of travel is usually from the duty station to the place of the mission and return to the duty station.
- Travel to join duty station/repatriation travel. This type of travel is only applicable for international Individual Consultants/Contractors who do not reside at the duty station at the time of hire.

Travel to join/repatriation travel applies only to international Individual Consultants/Contractors who are actually required to travel to, and depart from, the duty station. Hence, international Individual Consultants/Contractors who are working from home are ineligible. Furthermore, Individual Consultants/Contractors who are at the duty station at the time of hire are ineligible for travel to join, and Individual Consultants/Contractors who remain at the duty station after contract completion are ineligible for repatriation travel. Finally, when a consultant/contractor is offered a new contract for work at the same duty station before the prior contract expires, he/she is ineligible for travel between the two contracts, and a consultant/contractor is ineligible for travel to join/repatriation travel in connection with contract extensions.

Taking (or granting) leave of absence immediately before contract expiry, or postponing contract start under the new contract in order to create an unnecessary break between contracts, will have no effect on the ineligibility for travel.

All envisaged travel costs must be included in the financial proposal. This includes all travel to join duty station/repatriation travel. In general, UNDP should not accept travel costs exceeding those of an economy class ticket. Should the IC wish to travel on a higher class, he/she should do so using his or her own resources. Additionally, any anticipated mission travel must be included in the TOR to allow for inclusion in the financial proposal. **No additional per diem costs will be provided for travel already envisaged under the contract, as these amounts should be included** under the Individual Contractor/Consultant's fee **in the financial proposal.**

In the case of unforeseeable travel, payment of travel costs including tickets, lodging and terminal expenses **should be agreed upon**, between the respective business unit and Individual Contractor/Consultant prior to travel, and will be reimbursed.

Travel Expenses

Travel must eventually be reconciled using an F-10 travel claim, irrespective of whether there was a change from the original plan. An F-10 claim is not required for travel included under a lump sum contract, as payment is linked to deliverables.

Payment will be made either as a lump sum of 100% of expected travel costs prior to travel, or the consultant/contractor will be reimbursed for travel expenses upon submission of a travel claim (F-10 form) and all necessary supporting documents.

Negotiations for Unforeseen Air Travel and Per Diem Rates

The cost of any unforeseen air travel authorized by UNDP for Individual Consultants/Contractors must be negotiated prior to travel. The amount negotiated may not be any greater than full-fare economy, irrespective of the flight duration. Furthermore, agreed per diem costs for any unforeseen travel may not be any greater than the established HR DSA rates. Individual Consultants/Contractors wishing to travel in business or first class shall cover the cost of an upgrade. Travel should always be by the most direct and economical route.

On an exceptional basis, the CPO (or delegated officials) may authorize business class travel if any of the following conditions are met:

- A medical condition exists – in case the Individual Contractor/Consultant falls sick during the course of the assignment; supporting medical certification along with validation by the UN Medical Director at UN Headquarters is required.
- The consultant is considered an eminent person, such as a former Head of State, or a prominent figure in political, humanitarian or cultural areas - defined as per the Report of the Secretary-General [A/53/498](#), Section III, paragraph 5, section (c). [Form TTS-3](#) (Request for Exception to the Standards of Accommodation for Air Travel) is required, and shall be cleared and certified by the RR/RC and endorsed by the Bureau.
- Required travel qualifies as an “arduous journey”, as discussed under the Report of the Secretary-General [A/53/498](#), section III paragraph 5, section (e). [Form TTS-3](#) shall be cleared and certified by the RR/RC and endorsed by the Bureau.

For all exceptions, supporting documentation including Form TTS-3 shall be submitted to the Chief of BOM/OFA/ASD for prior approval at least three (3) working days before the deadline of the issuance of the ticket.

Visa and Travel Documents

Internationally recruited Individual Contract holders: UNDP at its own expense will facilitate the Individual Consultant/Contractor in obtaining the necessary visas and work permits for internationally recruited Individual Contract holders who are required by the nature of their assignment to work in a country other than their own country of temporary or permanent residence.

In cases where USA is the duty station, a G-4 visa is usually required. The G-4 visa status is a non-immigrant status granted to persons employed by international organizations while stationed on official business in the United States. It is important to note that persons with G-4 visa status are required by the United States authorities to relinquish any other visa status in the United States that they may have previously held.

For identification purposes, a UN Certificate may be issued upon request for international Individual Contract holders who travel at UNDP expense, in accordance with Section 26 of the Convention on Privileges and Immunities of the United Nations of 13 February 1946, using the form PT-64 "[Application for UN Certificate](#)".

Locally recruited Individual Contract holders: individual subscribers who are locally recruited are responsible for all necessary visas and work permits required by local authorities before commencing their assignment with UNDP. Where the travel destinations form part of the TOR, UNDP shall also assist in obtaining the necessary visas to commence and complete such journey. A letter stating that the individual has been offered an Individual Contract may be issued by the UNDP office to assist in this process.

Security Clearance

Offices must ensure that security clearance is obtained for Individual Consultants/Contractors who travel to locations in Security Phase I or above.

When travel is required to a country designated Phase 1 security phase or above, the Individual Consultants/Contractors should be requested to undertake the Basic Security in the Field (BSIF) training and Advanced Security in the Field (ASIF). When travel to a country with no designated security phase is required, only BSIF training must be completed by the contractor/consultant. CD ROMs are available and recommended for use in more technologically challenged environments.

These requirements apply for both IC and RLA contracts.

ENGAGEMENT OF GOVERNMENT OFFICIALS, RETIRED STAFF, INTERNS AND RELATIVES

Engagement of Government Officials

Government officials shall not be hired by UNDP under Individual Contracts unless, prior to appointment, the following conditions are met: (i) a no-objection letter in respect of the individual is received from the government, and; (ii) the individual is certified in writing by the government to be on official leave without pay for the duration of the Individual Contract. A retired government official is not considered in this case a government official, and as such, may be contracted.

Engagement of Former or Retired Staff members

Conditions of Engagement

Former or retired staff members may be engaged on an Individual Contract provided there has been a minimum of three (3) months between retirement and engagement as an Individual Consultant/Contractor in any form by the United Nations.

Former or retired staff members may be engaged on an Individual Contract provided they are not applying for the position they retired from and they did not separate from UNDP or another organization of the UN common system for the following reasons:

- a) abandonment of post;
- b) dismissal for misconduct;
- c) non-renewal of appointment for unsatisfactory service;
- d) termination of appointment for unsatisfactory service; or
- e) resignation in lieu of disciplinary action.

If the separation was on mutually agreed terms, the former staff member to be hired on IC may only be re-engaged as described below:

The current agreed separation policy differentiates two types of agreed separation (Type I and Type II) and in both cases:

After a break of 3 months from the last day of active service (or 1 month if the notice period is served), staff approved for agreed separation may accept short term employment under an Individual Contract (IC) and/or Service Contract (SC) not exceeding six months, subject to normal pension fund limits per year (currently up to \$22,000, plus DSA as applicable). For staff who do not receive pension, this limitation is lifted after 24 months.

The pension fund limit of \$22,000 per year does not apply to RLA contracts, as these contracts are executed with a company and payments are made to the company.

For more detailed information regarding separation policy, please refer to the following link:

http://practices.undp.org/management/hr/Staff_Services/Career_Transition/Agreed_Separations.cfm

Before engaging former or retired staff, the requesting unit must check the reasons of separation for:

- a. internationally-recruited staff members, through the HR Specialist in UNDP's Office of Human Resources (OHR)/BoM Copenhagen;
- b. Locally-recruited staff members, through the HR/Operations Managers in the CO or Office or Bureau in which they served before separation.

Determining Fees of Former Staff Members

The fees payable to former staff members engaged on Individual Contracts must not be based on the level of remuneration which they held before separation, but rather on the nature and complexity of the assignment to be performed.

Retired Staff in receipt of a Pension Benefit

Former staff members in receipt of a pension benefit from the UNJSPF may not receive more than USD 22,000 per twelve month period in emoluments from the UN system or may not be engaged under a contract in excess of 6 months, whichever comes first. Retirees who opt to defer their pension benefits during the period of short-term contract are exempt from the above-mentioned limit.

The USD 22,000 annual limit applies to the gross amount of the fee under an Individual Contract, but does not include travel and terminal expenses.

Engagement of Interns

Following an internship, an intern shall have a 6-month break prior to any engagement under a staff or non-staff contract.

Engaging Close Relatives of UN Personnel

In order to avoid real or perceived family influence or conflict of interest, the Staff Rules provide that “An appointment shall not be granted to a person who is the father, mother, son, daughter, brother or sister of a staff member, unless another person equally well qualified cannot be recruited” (see Staff Rule 4.7 (a)). This prohibition also applies to individuals contracted as Individual Consultants/Contractors.

The spouse or recognized partner of a UNDP staff member may be appointed to a non-staff position when the conditions provided below are met;

- a) He/she is fully qualified for the position for which he/she is being considered;
- b) He/she has been selected in accordance with UNDP recruitment and selection policy requirements including a full, transparent and open competitive selection process (without any involvement of the UNDP spouse or recognized partner) where other qualified applicants were reviewed and short-listed;
- c) He/she is not given undue preference by virtue of his/her marriage or common law partnership;
- d) He/she is not assigned to serve in a position which is superior or subordinate in the same line of authority to the other

For more information please refer to the [“Policy on Family Relationships”](#) .

ESTABLISHING A ROSTER OF ICs

It is highly desirable for offices to establish a roster of qualified Individual Consultants/Contractors. A roster may be established at country offices, regional centers and headquarters to facilitate the identification and selection process, providing easy access to a screened pool of Individual Consultants/Contractors who are potentially suitable and who exhibit the relevant track record on the required work to be performed.

Those updating the Individual Consultant/Contractor rosters are expected to post an announcement, which periodically needs to be re-advertised (at least once a year) with the objective of obtaining new potential applicants. When feasible, offices may consider posting an ongoing announcement (with no submission deadline) so that the roster is constantly updated. This approach is suitable for high demand consultancy/contractor service areas for the office.

Alternatively, applicants on the roster may be identified in accordance with the following criteria:

Applicant has previously worked for UNDP and his/her performance was satisfactory (previous track record which clearly indicates the area in which the applicant has worked for UNDP including a satisfactory, certified performance evaluation form should be available).

OR

Applicant has within the past twelve (12) months been through a selection process for a similar UNDP vacancy for which the applicant was unsuccessful but was nevertheless evaluated as a qualified applicant (documentation from that selection process clearly indicating the areas in which the applicant is qualified must be available).

OR

Applicant has within the past twelve (12) months submitted an unsolicited application or CV and has been screened for qualifications and prior work experience and found potentially suitable.

Rosters may be established by area/sub-area of expertise, global/regional/local knowledge and/or level of seniority among other criteria. For example, an office with a large Democratic Governance Program may establish a roster identifying experts in human rights, decentralization, or parliamentary development, among other areas.

ROLES AND RESPONSIBILITIES

Responsibility for the effective utilization and proper management of the Individual Contract is shared with various staff in the Organization. The following is a list of the involved parties and their respective roles.

Managers of requesting units are responsible for:

- determining the purpose and duration of the temporary assignment;
- ensuring availability of funds and budgeting of the proper amounts corresponding to the duration of the agreement and any foreseen extensions, if any;
- preparation of the terms of reference with clearly defined deliverables, deadlines and qualification requirements;
- providing guidance, support, contract management and performance monitoring;
- certification of completion of milestone outputs/deliverables and authorization of disbursement of corresponding payments;
- completion of performance evaluation upon conclusion of assignment;
- amicably resolving any disputes with the Individual Consultant/Contractor.

The Procurement Unit is responsible for:

- facilitating the selection process for the Individual Consultant/Contractor;
- obtaining committees approvals where necessary and applicable;

- establishing the Individual Consultant/Contractor as a vendor in Atlas and issuing the Individual Contract;
- facilitating the engagement process such as travel arrangements, medical clearance, visas, as appropriate;
- ensuring creation of purchase orders in Atlas corresponding to the payment of fees as per contract terms;
- implementing any contract amendment as may be requested and authorized by the requisitioner;
- providing guidance to the requisitioner on IC-related policies;
- maintaining a roster of qualified and pre-screened subscribers; and
- maintaining appropriate documentation and records for the process.

Heads of Offices/Bureaus are responsible for:

- establishing a local CAP;
- instituting a competitive selection process for Individual Contract engagement in their respective office;
- exercising delegation of authority on the award of Individual Contract within the limits of their authority;

The Contract Review Committees, both CAP and ACP, are responsible for:

- recommending approval of Individual Contracts based on the threshold established in these guidelines;
- reviewing requests for compliance with the competitive selection process and conformity with policies and guidelines; and
- recommending suitability of individual selected and the fee established.

Procurement Support Office (PSO/BoM) is responsible for:

- providing the policy and instruments to administer, oversee and monitor the correct and appropriate use of this contractual modality; and
- establishing the compensation structure for contracting individuals under the Individual Contract.

Legal Support Office (LSO/BoM) is responsible for:

- legal questions involving interpretation/application of terms of the contract.
- legal advice regarding claims not resolved amicably by managers.

Office of Audit and Investigations

As part of its normal management audit responsibility, OAI will audit the use of Individual Contracts by users with delegated authority and report on its findings.

Finance Units

Finance Units make payments to Individual Contract holders against a fully completed and duly authorized Certification of Payment Form.

PERFORMANCE EVALUATION

The work and performance of a consultant/contractor must be evaluated and monitored by the requesting manager on a regular basis to ensure that the contractual obligations have been fully met.

The key factors for monitoring will be the deliverables performed (based on quantity and quality), time frame and cost elements. The established TOR and contract terms and conditions are the basis for contract management.

The [IC Performance Evaluation Form](#) should be used and adapted to the specific needs of the assignment, in order to monitor performance.

PAYMENT OF ICs

At all times payment for Individual Consultants/Contractors must be linked to satisfactory performance of the established deliverables in the TOR. Therefore, prior to final payment being made to consultants/contractors, an evaluation of their performance is imperative.

This sub-process outlines the payment rules to be followed by UNDP.

Payment Rates

As a guiding principle, the fees payable should be based on the minimum amount necessary to obtain quality services for UNDP. The principal consideration however, is the nature of the assignment, the complexity, difficulty and extent of the work to be performed and the degree of expertise required to accomplish it.

The daily fee is all-inclusive and shall take into account various expenses incurred by the consultant/contractor during the contract period:

- consultant daily rate
- health insurance as applicable
- risks and inconveniences related to work under hardship and hazardous conditions
- any other relevant expenses related to the performance of services under the IC.

As a benchmark, the range for negotiating rates for international Individual Consultants/Contractors are established by PSO and are represented below:

| Consultant's level | Complexity; Degree of Expertise; Availability | RANGE OF DAILY RATE IN US\$ |
|--------------------|---|-----------------------------|
| A | Junior Specialist | 200-300 |
| B | Specialist | 300-550 |
| C | Senior Specialist | 550-1000 |

Fees are to be established by combining appropriate amounts of Elements I and II, as described below. Element I reflects the degree of expertise required to fulfil the TORs, as well as the availability of persons who have such expertise. Element II, on the other hand, reflects the applicants relevant qualifications and experience.

Factors such as language skills, demonstrated results in similar assignments, remoteness of the assignment, market supply, etc. should be considered.

Remuneration for local Individual Consultants/Contractors are based on the financial offer submitted by the Individual Consultant/Contractor; however local market rates for similar work of comparable quality, complexity and difficulty, or by reference to the UNDP local remuneration scale for locally recruited Individual Consultants/Contractors may be used for fee negotiation.

Method of Payment

Payments must be linked to completion of deliverables. The standard method of payment to Individual Consultants/Contractors under the Individual Contract, whether national or international, shall be the output-based lump sum scheme. Alternatively where this is not possible due to the nature of the work the consultant/contractor was asked to undertake, payment may be made upon a monthly report stipulating tasks and achievements as well as any agreed key performance indicators.

Individual Consultants/Contractors may also be paid on an hourly or daily fee for the services provided, based on the nature of the requirement.

Lump Sum Contracts

The contract specifies a total lump sum fee, and furthermore specifies the payment terms (i.e. whether payments fall in instalments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. The total payment may never exceed the total lump sum fee and may only be reduced if contract obligations are not met by the Individual Consultant/Contractor.

Individual Contracts on Retainer

The contract specifies a “unit price” (e.g. amount per hour, amount per month, amount per translated page), and payments are made to the Individual Consultant/Contractor as follows:

Unit price x number of units worked = payment

Contracts based on daily fee

The contract specifies a daily fee, and payments are made to the Individual Consultant/Contractor as follows:

Daily fee x number of days worked = payment

Where the IC holder is paid on a daily basis, and presumably with defined ways of verifying his/her presence and performance of the tasks, then he/she shall not be paid the days when he/she was absent due to sickness or other reasons. This should not be viewed as an issue of

fairness or equity. As a matter of professional practice, individual consultants/contractors determine their fees based on the costs that they foresee themselves incurring when taking on a short-term assignment.

Currency of Payment

The Individual Contract must specify the amount and currency of payment. Individual subscribers who are not required by UNDP to travel outside the country of their usual residence are normally paid in the currency of that country. Should individual subscribers be required to travel to another country, they may receive their remuneration and travel expenses in another currency when appropriate.

Payment in a hard currency such as the US dollar, or in the local currency equivalent of a US dollar amount, may be necessary in situations of highly volatile local economic conditions or civil unrest. The practice of the local UNDP office with regards to the currency of payment of local fees will serve as the basis for the best approach to follow. Payment to accounts outside of the country is not permitted when this circumvents local laws against payment in other than the local currency and in bank accounts outside the Individual Consultant/Contractor's country of residence.

Performance Evaluation upon Milestones and Final Payment

A [Certification of Payment Form](#) indicating satisfactory completion of work by the authorized official should be completed each time a payment is made. The [IC Performance Evaluation Form](#) must be attached to the Certification for Payment Form when processing final payment.

Unsatisfactory performance or failure to complete the terms of reference of an agreement must be brought to the attention of the Deputy Resident Representative (Operations) or Operations Manager in the country office, or the Procurement Support Office (PSO)/Legal Support Office (LSO), immediately upon completion of the assignment for a decision on whether to suspend payment of all or part of the amounts which may be payable to the Individual Consultant/Contractor, and whether to remove the Individual Contract from the active roster.

Pay Rate on Contract Extension

Should the services of the Individual Consultant/Contractor be extended, the extension is carried out through an amendment to the original Individual Contract. The payment fee in the amended Individual Contract must remain the same taking into account the overall services are subject to a maximum 3 year period. Adjustment of the rate may only occur upon a re-engagement under an Individual Contract for a different assignment with a modified TOR.

Taxes on Income

Fees are expressed in gross amounts and Individual Consultants/Contractors are responsible for payment of any taxes that may be due on the fees received from UNDP for their services. UNDP has no liability for taxes, duties or other payments payable by the Individual Consultant/Contractor on remuneration made under the contract.

TERMINATION

This sub-process outlines the procedure to be followed in a situation of termination. The termination of the Individual Contract can be the result of a mutual consent of parties, or by a unilateral decision. The termination can be for convenience or for cause. In the event of a for-cause termination, the party who decided to terminate the Individual Contract for that purpose has to justify its position, and follow the termination procedure.

In cases where the parties enter into disputes, they will first try to resolve them amicably. Offices are encouraged to seek early advice from LSO; if an amiable position cannot be reached, the parties must enter into arbitration, in accordance with UNDP arbitral procedure and rules.

Termination of Contract

An Individual Contract may be terminated for convenience by either party before the expiry date of the contract by giving notice in writing to the other party. The period of notice will be five (5) days in the case of contracts for a period of less than two months; and fourteen (14) days in the case of contracts for a longer period. The initiation of conciliation or arbitral proceedings, as provided below, shall not be deemed to be a 'cause' for, or otherwise in itself, a termination of the contract.

In the event of for-cause termination by the Individual Consultant/Contractor, UNDP reserves the right to terminate the contract without notice and suspend all pending payments. UNDP will only pay for services already rendered in accordance with the contract and suspend further payments.

Should the contract be terminated by either party prior to its expiry date for reasons other than misconduct or reasons beyond its control, the Individual Consultant/Contractor will be compensated on a pro-rata basis for no more than the actual amount of work completed to the satisfaction of UNDP.

Settlement of Disputes

Amicable Settlement: UNDP and the Individual Contractor/Consultant shall use their best efforts to amicably settle any dispute, controversy or claim arising out of the Individual Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the Conciliation Rules then obtaining of the United Nations Commission on International Trade Law ("UNCITRAL"), or according to such other procedure as may be agreed between the parties in writing.

Arbitration: Any dispute, controversy or claim between the parties arising out of the Individual Contract, or the breach, termination, or invalidity thereof, unless settled amicably, as provided above, shall be referred by either of the parties to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international commercial law. For all evidentiary questions, the arbitral tribunal shall be guided by the Supplementary Rules Governing the Presentation and Reception of Evidence in International Commercial Arbitration of the International Bar Association, 28 May 1983 edition. The arbitral tribunal shall be empowered to order the return or destruction of

goods or any property, whether tangible or intangible, or of any confidential information provided under the Individual Contract, order the termination of the Individual Contract, or order that any other protective measures be taken with respect to the goods, services or any other property, whether tangible or intangible, or of any confidential information provided under the Individual Contract, as appropriate, all in accordance with the authority of the arbitral tribunal pursuant to Article 26 (“Interim Measures of Protection”) and Article 32 (“Form and Effect of the Award”) of the UNCITRAL Arbitration Rules. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in the Individual Contract, the arbitral tribunal shall have no authority to award interest in excess of the London Inter-Bank Offered Rate (“LIBOR”) then prevailing, and any such interest shall be simple interest only. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute, controversy or claim.

TEMPLATES AND FORMS

- **Letter of Intent**

http://content.undp.org/go/prescriptive/Contract-Assets--Procurement---Prescriptive-Content/download/?d_id=1128937

- **Individual Contract**

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963637

- **Individual Contract - General Conditions of Contract**

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963821

- **Request to issue an Individual Contract**

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963669

- **Individual Contract on behalf of another UN agency**

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963971

- **Certification of Payment**

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2974301

- **Individual Contract Timesheet**

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963964

- **IC Performance Evaluation Form**

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2953882

- Insurance Coverage Table

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2963931

- UN Staff Regulations and Staff Rules

http://content.undp.org/go/prescriptive/Human-Resources---Prescriptive-Content/download/?d_id=2069044&

- Convention on the Privileges and Immunities of the United Nations

[http://www.unog.ch/80256EDD006B8954/\(httpAssets\)/C8297DB1DE8566F2C1256F2600348A73/\\$file/Convention%20P%20&%20I%20\(1946\)%20-%20E.pdf](http://www.unog.ch/80256EDD006B8954/(httpAssets)/C8297DB1DE8566F2C1256F2600348A73/$file/Convention%20P%20&%20I%20(1946)%20-%20E.pdf)

- Regulations Governing the Status, Basic Rights and Duties of non UN Secretariat Officials, and Experts on Mission (ST/SGB/2002/9, 18 June 2002).

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2979909

- UNDP Financial Regulations 121.05(a)

http://content.undp.org/go/prescriptive/Financial-Resources-Management---Prescriptive-Content/download/050524-3-Revised+FRR-for+final+publishing.doc?d_id=266462&g11n.enc=ISO-8859-1

- Standard Basic Assistance Agreement (SBAA)

<http://practices.undp.org/management/legal/Resources/CandI/SBAA.doc>

- Standards of accommodation for air travel – UN Report of the Secretary-General A/53/498

http://content.undp.org/go/units/bom/procurement/Procurement/download/?d_id=2979942

- Request for Exception to the Standards of Accommodation for Air Travel- TTS-3

http://content.undp.org/go/practices/management/publish/Bureau-of-Management/download/?d_id=2408547

- Application for UN Certificate

http://content.undp.org/go/practices/management/publish/BOM-Documents-Realign/file/download/?d_id=208255

- P11 - Personal history form (English)

http://sas.undp.org/documents/P11_Personal_history_form.doc

- UNDP Temporary Appointment Guidelines

http://sas.undp.org/documents/Temporary_Appointment_Guidelines-1_July_09.pdf

FINANCES

This section contains policies, procedures and resources to guide UNDP country offices to work with Government institutions that act as implementing partners of UNDP-supported programmes and projects. The section identifies those procedures which must always be followed irrespective of the variations of national implementation mentioned above. The section also clearly identifies those instances where, if full national implementation is in place and the capacities of national counterparts are proven and tested, government regulations, rules and procedures can apply to project implementation to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. In these instances the Government can also opt to use UNDP's policies and procedures. It should be noted that when there is CO support to national implementation and UNDP is providing services, such services must be provided in compliance with UNDP's Financial Regulations and Rules and using UNDP's policies and procedures and not those of the government.

Description

Financial regulation.27 (Definitions) of the UNDP Financial Regulations and Rules (FRR) defines National Implementation (NEX) as:

"The overall management of UNDP programme activities in a specific programme country carried out by an eligible national entity of that country".

National implementation is used when there is adequate capacity in the national authorities to undertake the functions and activities of the programme or project. The implementation of the projects requires that the national institution acting as "Implementing Partner" has the technical and administrative capacity to assume the responsibility for mobilizing and applying effectively the required inputs in order to reach the expected outputs. On the other hand, it is expected that the implementation of the national implementation modality contributes to build national capacities. The UNDP country office ascertains the national capacities during the project formulation stage by undertaking an evaluation of capacity following the Framework for Cash Transfers to Implementing Partners (part of the Harmonized Approach to Cash Transfers - [HACT](#)) and [Programme Guide](#), determining where the strengths and weaknesses are, the way UNDP can assist to build new capacities, and the exit strategy of the project, ensuring that the intervention of UNDP will collaborate to the development of new capacities.

The General Assembly has requested the United Nations system to:

- Provide more effective support at the country level for the implementation of NEX projects;
- Decentralize implementing activities at the country level;
- Reach more coordination with the specialized agencies of the system in the national implementation; and
- Simplify and harmonize the procedures.

General Assembly resolution 47/199 reiterated that national implementation should be the norm for the programmes and projects supported by the United Nations system, taking into

account the needs and capacities of recipient countries. (Report A/47/723 of 22 December 1992)

The UNDP Executive Board (former Governing Council) has highlighted that the implementation of the projects by the governments is an effective way to build capacities and promote the institutions' sustainability (UNDP Governing Council decisions 90/21 and 91/27).

National implementation is considered to be the norm since it is expected to contribute most effectively to:

- Greater national self-reliance by effective use and strengthening of the management capabilities, and technical expertise of national institutions and individuals, through learning by doing;
- Enhanced sustainability of development programmes and projects by increasing national ownership of, and commitment to development activities;
- Reduced workload and integration with national programmes through greater use of appropriate national systems and procedures.

Legal Context, Roles and Responsibilities

The responsibility for the implementation of the NEX projects is with the government, as reflected in the Standard Basic Assistance Agreement (SBAA) signed by UNDP with the government (or other document of agreement with the host government), and with the "Executing Agent" designated in the "Project Document" (in non-harmonized programmes) or with the "Implementing Partner", according to what has been agreed in the Country Programme Action Plan (CPAP) and in the respective Annual Work Plan (AWP) (in harmonized programmes). Note that under the new harmonized procedures, both the Country Programme Action Plan and the Annual Work Plan constitute the "project document".

Responsibilities, immunities and privileges of UNDP

In addition to the indications of the technical cooperation government entity, the implementing partner, and the official channel (government coordinating authority) in the government to convey issues related to the relationship between UNDP and the government, it is necessary to include in the project document clear reference to the application of the norms of the article 105 of the Letter of the United Nations and the ones contained in the Convention of the Privileges and Immunities of the United Nations.

Project document

In order to define the legal context of each national implementation project, a project document must be formulated and approved by all parties involved (see Project Management, Programme and Project Management, in the present Policies and Procedures). This project document constitutes the legal framework for the project. In addition to the background information, expected outputs, work plan, etc., it must include:

- A clear indication on procedures to be followed;
- Determination of responsible implementing partner;

- The different roles and responsibilities of all parties involved. Clear definition of which actions will be carried out by the implementing partner, and which assistance UNDP will provide;
- The corresponding cost recovery agreed (General Management Support – GMS - and Implementation Support Services - ISS).

Harmonized and Non-Harmonized Country Programmes

The terminology and the procedures governing national implementation differ between non-harmonized and harmonized country programmes.

a) Non-harmonized programmes

In the non-harmonized programmes, within the agreed country programme, each project document is negotiated separately with the different national entities and the government coordinating authority. In the project formulation process, it is decided which implementation modality (National implementation, Direct Implementation – DEX -, agency implementation, non-governmental organization – NGO - implementation) will be used for this particular project. Following that decision, the “Executing Agent” designated is the responsible for all inputs and outputs in the project, and it is possible to designate “Implementing Agent(s)” (different from the executing agent) to carry out some actions within the project (implementing agents are requested to implement some inputs to achieve some outputs within the project, but the whole responsibility of the results of the project rests with the executing agent).

b) Harmonized programmes

In the harmonized programmes for UNDP programme activities carried out under the harmonized operational modalities:

- The term 'implementation' is redefined as the overall ownership and responsibility for UNDP programme activities at the country level. The government, through the government coordinating authority, exercises its ownership and responsibility for UNDP programme activities by approving and signing the country programme action plan with UNDP. All activities falling within the country programme action plan are, therefore, nationally-executed;
- The term 'implementation' is also redefined as the management and delivery of programme activities to achieve specified results including the procurement and delivery of UNDP programme activity inputs and their use in producing outputs, as set forth in a signed document, the Annual Work Plan, between UNDP and the Implementing Partner. Therefore, the reference “Executing Agencies” as used in the Standard Basic Assistance Agreement shall include responsibilities of the implementing partner in the annual work plan and executing partner in the country programme action plan.

Under the harmonized modalities, Annual Work Plans are attached by reference to the Country Programme Action Plan and signed by UNDP and the implementing partner(s). The country programme action Plan and Annual Work Plan combined constitute the minimum requirements for a project document. Therefore, implementation responsibilities (i.e., the achievement of

specific results) that were in the past linked to executing entities of programme initiatives or projects have been separated from implementation responsibilities (ownership of the programme) and placed under the responsibility of implementing partners. As explained above, implementing partners sign annual work plans and are responsible for the management and delivery of programme activities to achieve specified results as specified in the annual work plan. Projects are no longer ‘executed’ separately by executing agencies on a project by project basis. Rather, annual work plans, which are an integral of the country programme action plan, are implemented by implementing partners.

Please refer to the [Programme and Project Management Policies and Procedures](#) or more details on projects and programmes.

Recording a National Implementation Project in Atlas

The following are some relevant aspects to take into account when recording a project in Atlas:

- Country Programme Action Plan - Signed with the government - outside Atlas;
- Annual Work Plans - Signed with the implementing partners - recorded in Atlas at the Project level, including different Activities and Inputs. It is important to remember that the term “Project” in UNDP policy represents an “Award” in Atlas. And the term “Output” is represented by a “Project” in Atlas (the budget is at the level of the output). Therefore, there may be one project ("Award" in Atlas) with different outputs ("Projects" in Atlas). This must be taken into account when deciding how to reflect the project’s structure into Atlas, since the financial control in Atlas is at the “Project” level (where the budget is), and not at the “Award” level. Therefore, income, expenditures, advances, etc. will be controlled at the "Project" level in Atlas;
- Executing Agent – For harmonized programmes, this is the institution which signs the country programme action plan. This is not entered into Atlas;
- Implementing Partner – reflected in Atlas when creating the Proposal / Award, in the “Institution ID”. For non-harmonized programmes, here should be reflected the Executing Agent);
- Responsible Party – Defined as partners that have been engaged by the implementing partner to carry out activities within a project. Responsible parties must be reflected in Atlas in the chart fields at the budget level, in the field “Implementing Agent” (for non-harmonized programmes, here should be reflected the Implementing Agent(s)). The implementing partner (Institution ID) may be the same as reflected in “Implementing Agent” at the chart field level in most cases. However it may occur that for some activities or the management of some inputs, another party (“Responsible Party”) is designated. This party may either be the government, UNDP, a non-governmental organization or an agency of the UN system.

This may be summarized as follows:

| HARMONIZED PROGRAMMES | |
|------------------------------|----------------------|
| UNDP PROGRAMME INSTRUMENTS - | TERMINOLOGY IN ATLAS |
| DEFINITIONS | |

| | |
|----------------------|--|
| CPAP | Not recorded in Atlas - Document signed by UNDP and the designated authority of a government agency / institution |
| IMPLEMENTATION | N/A - Implementation is overall ownership and responsibility for UNDP programme activities at the country level. The government exercises its ownership by approving the CPAP. |
| PROJECT - with AWP | "Award" |
| OUTPUT | "Project" - Unit of Financial Control in Atlas |
| IMPLEMENTING PARTNER | "Institution ID" in the Proposal |
| RESPONSIBLE PARTY | Field: "Implementing Agent" in the chart field at the Budget level |

National Implementing Partners - Eligible Institutions (Executing Agent for Non-Harmonized Programmes)

The national institution that manages UNDP-supported programmes or projects must be the one most concerned with the programme or project activities. The eligible institutions are:

- A ministry of the government;
- A department within the ministry;
- A governmental institution of semi-autonomous nature, such as the central bank, a university, a regional or local authority or a municipality;
- A non-governmental organization.

The arrangements for managing a programme or project must include mechanisms to ensure coordination, such as steering committees, inter-ministerial agreements or other consultative mechanisms. All such mechanisms must be described in the project document or Annual Work Plan. The procedures to be followed in each project/annual work plan must be clearly stated in the project document.

The designated institution may contract or agree with other entities to undertake specific tasks as responsible parties (or implementing agents for non-harmonized programmes):

- If the entity is another government institution or another United Nations agency, competitive bidding will generally not be necessary. The Local Project Appraisal Committee (LPAC) evaluates and decides on the best arrangements for undertaking the programme or project in such cases;
- If the entity is a non-governmental organization (NGO), it has to be stated in the country programme action plan if the NGO will be designated as implementing partner or as an independent contractor. If designated as implementing partner, a competitive process must be undertaken, but it is not considered a procurement action (the LPAC reviews the proposal to designate the NGO and verifies its competitiveness). However, when the NGO is not the implementing partner, the relationship with the NGO is usually one of contractor, and standard provisions for contracting apply.
- When a United Nations agency acts as a responsible party under national implementation, this agency and the designated institution sign a letter of agreement (LOA). In such cases, the United Nations agency is referred to as an implementing agent.

Capacity Assessment

In order for an entity to execute or implement a UNDP project, a capacity assessment of that entity is performed. The parties concerned with formulation and design, particularly the UNDP country office, the government, and the institution that will manage the programme or project must review the capacities that will be needed. They first determine which of the tasks apply to the programme or project. For each applicable task, the parties then determine what additional measures need to be taken to ensure that the tasks can be performed. The measures must be documented for follow-up action. This may be done, for example, through an action plan, an annex to the project document or through minutes of a design meeting or workshop.

The following are key considerations for capacity assessment for managing projects:

- **Technical capacity** - ability to monitor the technical aspects of the project;
- **Managerial capacity** – ability to plan, monitor and co-ordinate activities;
- **Administrative capacity** – ability to:
 - Procure goods, services and works on a transparent and competitive basis,
 - Recruit and manage the best qualified personnel on a transparent and competitive basis,
 - Prepare and sign contracts,
 - Manage and maintain equipment;
- **Financial capacity** – ability to:
 - Produce project budgets,
 - Ensure physical security of advances, cash and records,
 - Disburse funds in a timely, proper and effective manner,
 - Ensure financial recording and reporting, and
 - Prepare, authorize and adjust commitments and expenditures.

Detailed information on assessments to be made of the implementing partners can be found in the [Harmonized Approach to Cash Transfers to Implementing Partners \(HACT\) Guidelines](#).

Cash Transfer Modalities

Once the assessment has been made, it is necessary to determine which modality will be utilized for the project finances. It is possible to use the four existing modalities (see below) in the same project, for different activities and/or inputs. These arrangements must be clearly stated in the project document (or the annual work plan), and will constitute a driver for UNDP for the establishment of cost recovery within the project.

In national implementation, there are four cash transfer modalities to manage the finances:

- **Direct cash transfer** - UNDP advances cash funds on a quarterly basis to the implementing partner, who in turn reports back expenditure. Note that the recording of expenditures, from requisition through to disbursement, occurs in the books of the implementing partner. UNDP is pre-funding the activities with advances of cash;

- Direct payment - the implementing partner carries out the procurement but requests UNDP to make the disbursement;
- Reimbursement – as for direct cash transfer, except that UNDP pays the implementing partner after the implementing partner has itself made disbursement;
- Direct Agency Implementation – UNDP conducts expenditure from requisition through to disbursement with no cash being transferred to the implementing partner. However, the implementing partner has full programmatic control and so full control over expenditures. This would be distinguished from agency implementation where the government is involved at higher level, for example by directing policy and monitoring the expected deliverables.

This may be summarized as follows:

| FOR NATIONAL IMPLEMENTING PARTNERS | | |
|------------------------------------|------------------------|----------------------|
| Cash Transfer modality | Procurement/Obligation | Disbursement |
| Direct cash transfer | Implementing partner | Implementing partner |
| Direct payment | Implementing partner | UNDP |
| Reimbursement | Implementing partner | Implementing partner |
| Direct Agency Implementation | UNDP | UNDP |

Origin of the Funds

The policies and procedures covered in this section apply irrespective of the origin of the funds to implement the project. Funds may be corporate (i.e. core resources), UN agencies' funds, trust funds, cost sharing from the government, International Financial Institutions, bilateral donors, etc. All these funds will be recorded in Atlas according to the established rules for receivables (see section of these Policies and Procedures on Management of Receivables in [Receivables, Receipts and Income](#) for detailed information on how to record income for the projects). Following the procedures to record project expenditures and reimbursements enables adequate budgetary and financial control, as well as the preparation of financial reports for the implementing partner, the government, and the donors.

Reporting and Controls

There are many reports that are utilized to monitor national implementation finances.

The Combined Delivery Report (CDR) is mandatory and should be issued quarterly. The CDR reflects all disbursements made by the project within that particular period. The final CDR at the end of the year must be signed by the designated authorized official of the implementing partner.

If the project uses the cash advance modality, the Financial Report (FR) or Funding Authorization and Certificate of Expenditures (FACE) reporting expenditures and requesting advances must also be submitted to the UNDP country office at least quarterly, and signed by the authorized official in the implementing partner. In the country office, the project officer or finance associate must control the outstanding advances balances in order to monitor the correct implementation of the funds.

The expenditures detail must also be used to monitor the correctness of the recorded expenditures, and to provide detailed financial information to the projects.

National implementation projects have to be audited at least once in the life of the project, and each year that it is considered appropriate by the country office (depending on level of delivery, difficulties found during the year, etc.).

At the finalization of a project, the remaining balance of funds deposited in the UNDP accounts for the project activities must be reimbursed to the same donor as per the agreement signed with the donor that initially provided the funds.

Detailed information is provided for the sub-processes mentioned above in the sections of this chapter of Policies and Procedures on cash transfers modalities (direct cash transfers, direct payments, and direct agency implementation) as well as reporting, audit, and implementation or implementation by non-governmental organizations.

Relevant Policies

[UNDP Financial Regulations and Rules](#) apply, especially article 16 (General Framework), article 17 (Designation, selection and termination of the executing entity and implementing partner) and Article 18 (Financial oversight of the executing entity and implementing partner functions).

Direct Cash Transfers and Reimbursements

Description

In order to simplify the presentation of procedures, and since advances and reimbursements can be considered within a similar process, both modalities will be addressed in this section.

Advances

National Implementation (NEX) advances consist of cash transferred to a national implementing partner (IP) – or executing agent for non-harmonized programmes (see introductory section on National Implementation Finances and NGO Implementation Finances in this same chapter of the Policies and Procedures) - for obligations and expenditures to be made by the implementing partner in support of activities agreed in Annual Work Plans (AWPs) – or project documents for non-harmonized programmes. Requests for advances should be prepared in line with the project or annual work plan, and must be signed by the implementing partner or the designated project personnel (Project Director).

The funds advanced to the project are under the total responsibility of the implementing partner and must only be used for the activities and inputs stated in the annual work plan, and following UNDP's policies and procedures as referred to in the project document. The implementing partner/project must have a good system of accounting recording and appropriate filing of financial documentation on the project (in order to maintain records of all payments made with advances and original expenditure backup documentation). All these requirements and information will be reviewed at the project site during the project audit.

This modality requires a close monitoring from the country office (CO) in order to verify the correct use of the advanced funds for achieving of immediate results and expected outputs. The country office must also monitor the amounts to be advanced to the project, according to the planned activities in any period (at least quarterly). If the balance at the end of the period is too high, the country office must determine what the problem is and, together with the implementing partner, implement necessary corrective actions.

Management of Risk

There is a risk that cash transferred to a national institution may not be used or reported in accordance with agreements between the UNDP and the implementing partner. The level of risk can differ from institution to institution and the country office should effectively and efficiently manage this risk for each national institution by:

- Assessing the national institution's financial management capacity;
- Applying appropriate procedures for the provision of cash transfers to the national institution; and
- Maintaining adequate awareness of the national institution's internal controls for cash transfers through assurance activities.

For each national institution the level of risk may change over time, and this may require appropriate changes in audit and monitoring procedures.

If the country office considers that the advance modality is not being used correctly by the implementing partner, the country office can discontinue this practice and manage all project payments through Direct Payments. Also should the assessments undertaken (see paragraph below) identify the implementing partner as High Risk, no more advances should be given to the implementing partner and instead the Direct Payments modality should be pursued. Should a project receive a qualification with a net financial impact in its NIM audit then the disbursement modality for that should be changed to Direct Payments.

Please refer to the [Harmonized Framework for Cash Transfers to Implementing Partners](#) for more information on assessments to be carried out to implement the Direct Cash Transfer modality. These assessments should be undertaken at the same time and by the same company that undertakes the assessments under the Framework for Using Implementing Partners Procurement System (Annex 5). The cost of these assessments and that of the assessments under the Framework for Using Implementing Partners Procurement System (Annex 5) should be borne by directly charging projects.

Reimbursements

If the balance of advances given to the implementing partner is not enough to incur urgent obligations and expenditures in support of activities agreed in annual work plans, the implementing partner can proceed with such payments with its own funds, and request the country office for reimbursement. This request can be made:

- In the next request for advance (Financial Report - FR / Funding Authorization and Certificate of Expenditures - FACE), reporting the expenditures already made, requesting any reimbursement for such expenditures and a new advance of funds for new expenditures;
- On an ad hoc basis, in exceptional cases, submitting to the country office all documentation supporting the payments made. In this last scenario, the reimbursement will be recorded in Atlas as payments (recording in the corresponding account 70000, Activity, Donor, Fund, etc.) and not as an advance (account 16005).

Recipient of Advances or Reimbursements

NEX advances can be made to the implementing partner that is responsible for the implementation of the UNDP-supported programmes or projects. In order for the implementing partner to request advances (or payments, etc.), the highest authority of the implementing partner must clearly designate the project personnel authorized to make such requests. In most projects, a project Director is designated by the implementing partner, and is given the authority to request advances, payments, contracts, etc. In order for the country office to control this, the implementing partner must provide the country office with a detailed record of authorized project personnel, including samples of their signatures. This record must be kept in the country office for internal control and audit purposes.

Periodicity of Advances

Advances are made for a three-month period or less depending on the needs of the programme or project, according to the envisaged activities agreed in the annual work plan. The frequency

is agreed on between the designated institution and the country office at the outset of the programme or project. Detailed planning of expenditures to be made by the project and close monitoring from the country office are essential.

Purpose and Requirements of the Advances

Funds can be advanced to the project for activities contemplated in the annual work plan provided that the corresponding inputs have been budgeted, and provided that the availability of funds can cover the amount requested.

Advances for national implementation projects shall only be made in local currency. Advances shall only be made in non-local currency in those instances where all payments arising out of such advances will also be in the same non-local currency. The approval of a request for an advance by an implementing partner for a particular project is subject to the verification by the country office that at least 80% of the previous advance given and 100% of all earlier advances have been liquidated. Furthermore should an implementing partner have outstanding NEX advances over one year old, no new advance should be given to that implementing partner for any of the projects it is implementing until the advance in question is liquidated. Efforts should continue to ensure recovery of the advance(s). Under these circumstances, the country office should immediately amend the implementing arrangements with the implementing partner to reflect a change from advances to making direct payments on its behalf. This change in implementing arrangements should be clearly communicated to the implementing partner with an appropriate justification.

Note that advances should be requested by the implementing partner and charged by the country office in Atlas to the corresponding Donor/Fund combination, depending on the activities involving expenditure and their associated funding. In this way the reservation of funds corresponding to advances will be recorded in the correct donor fund.

All expenditures by the project with advances given by UNDP must be made in accordance with the procurement and contracting procedures agreed in the project document, and must be related to the project activities and outputs envisaged in the annual work plan. All payments made by the implementing partner with advances must be issued in the name of the recipient.

Bank Accounts

In order to receive the funds advanced by UNDP, the implementing partner for the project may open a bank account to be used only for receiving UNDP advances and to make payments of the project. If local conditions permit, the bank account should be opened under the name of the project.

Opening a separate bank account for the project will usually lower risk but may also place an additional administrative burden on the implementing partner. Alternatively, the implementing partner may use an existing bank account under the implementing partner's name, but this option may **only be used with the agreement of UNDP's project manager**. In making this decision, the project manager will consider the inherent risk involved, using the assurance mechanisms described in the Framework for Cash Transfers to Implementing Partners (part of the Harmonized Approach to Cash Transfers - [HACT](#)).

It is recommended that for control purposes the implementing partner account be managed with double signature. It is important to make it clear to the implementing partner that this bank account should not be used for purposes other than receiving UNDP advances and making payments with these advances. This account must not have access to any credit (i.e. overdrafts) nor be used for investments. If the project needs advances to make payments in local currency and non-local currency, then two bank accounts should be opened, or one bank account with two separate controls of currency. At the finalization of the project, it is the responsibility of the implementing partner to close this/these account(s) and reimburse any remaining balances to UNDP.

Note that the bank accounts opened by the implementing partner for NEX advances and expenditure should NOT be considered as owned by UNDP but are project accounts (where the implementing partner is responsible), and not UNDP accounts. UNDP will not make arrangements for opening or closing such accounts, and will not be in any case a signatory for these accounts. The implementing partner must maintain strict control of such bank accounts, making bank reconciliations at least quarterly (monthly is advisable), and must keep on file all documentation related to account transactions. Any interest earned on the project bank account from the advances must be included by the implementing partner in the Financial Report or Funding Authorization and Certificate of Expenditures and credited to the project, recording it as miscellaneous income. Bank statements must be filed by the project and a copy should be submitted to the country office with the Financial Reports or FACEs.

Following the Paris Declaration on Aid Effectiveness, where possible the country office should deposit advances for the government in the central government bank accounts, provided the government can meet the UNDP reporting requirements as outlined in the paragraphs above.

Atlas Recording of Advances and Expenditures

Advances will be recorded in Atlas, charging account 16005 and the corresponding Donor and Fund combination (for more detailed information on the verification of the recording process go to [OnDemand](#)). An accounts payable - AP - voucher will be used for the advance and this recording will reserve the funds advanced to the project, affecting the funds availability in the Commitments Control (KK) module. The amount advanced will not be included in the UN Expenditures Detail, nor in the Project Budget Balance, since account 16005 is meant only to reflect advances given and to record a reserve of funds in the corresponding donor and fund combination. The actual expenditures are only recorded when the implementing partner reports them using the Financial Report or Funding Authorization and Certificate of Expenditures (FACE). Note that in the FACE form, after the column indicating the Activity, the second column should indicate account 16005 and the donor and fund combination for each portion of the advance requested.

Expenditures reported using the Financial Report or FACE will be recorded in Atlas. The country office accounting unit will record accounts payable journal vouchers (APJVs) crediting donor and fund debited at the time of the advance and account 16005, and debiting the 70000 accounts with the corresponding donor and fund combination (for more detailed information on the verification of the recording process go to [OnDemand](#)).

Financial Reports (for non-harmonized programmes): With the Financial Reports, expenditures are reported by the implementing partner by month (this can be done in monthly financial reports or in quarterly financial reports with four columns, one for each month, and one for the quarter). The country office records the reported expenditures together with the equivalent US dollars at the UN rate of exchange for the month when the expenditure was made.

Funding Authorization and Certificate of Expenditures (for harmonized programmes): In the harmonized procedure, the FACE form is designed to reflect expenditures accumulated by quarter. This can be done if agreed between the implementing partner and the country office, taking into account that the rate of exchange to be used for recording the expenditures will be the corresponding rate for the last month of the quarter (March, June, September, and December). Note that accumulating expenditures at only one rate of exchange may vary the charges to the project in equivalent US dollars. This variation may be substantial in countries experiencing a depreciating currency. In such cases, it is advisable to modify the FACE form in order to add as many columns as months of reported expenditures with a column for the quarterly total, in order to reflect a more realistic recording of expenditures in the actual month where they were made. There is thus flexibility to choose one of the two procedures (report and record by quarter, or report and record by month), but once a procedure is agreed between the implementing partner and the country office this procedure must be used for the duration of the project.

Monitoring

The project officer/finance associate must constantly monitor the correctness of the expenditures reported, and the cash flow and balance of advances.

The following Atlas query is very useful to monitor advances and balances of advances and can be accessed in Reporting Tools/Query/Query Viewer: OFA_NEX_ACTIVITY_QUERY. This query provides all movements in account 16005 by Operating Unit. Note that this query extracts data only from Accounts Payable. If for some reason any adjustment corresponding to advances (Account 16005) or any financial report has been recorded using General Ledger journal entries (GLJEs), that adjustment will not be reflected in this query. After obtaining the information from this query, data can be migrated to the Excel software and using the function in “Data/Pivot Table and Pivot Chart Report”, the user can order the transactions of account 16005 by Project/Currency/Fund/Donor in order to obtain the balance of each project.

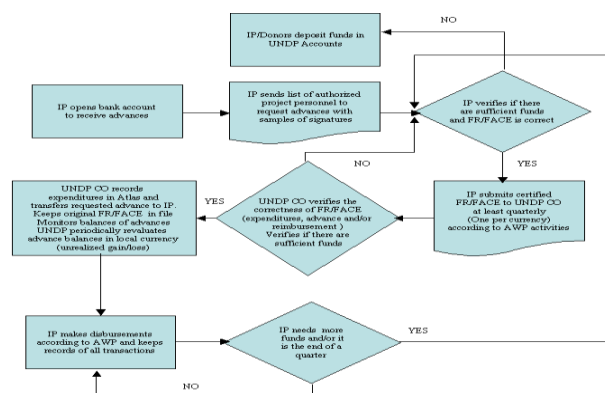
Closely monitor the outstanding balances of advances in the projects, together with the rate of implementation of advanced funds. If the balance at the end of the period is too high, the UNDP country office must determine where the problem is and, together with the implementing partner, implement necessary corrective action.

Relevant Policies

See overview section above and [Internal Control Framework](#)

Flow Chart

Direct Cash Transfers and Reimbursements



Procedures

| Step | Task | Responsible Party | Notes |
|------|---|---------------------------------------|--|
| 01 | Open bank account to receive advances | Implementing partner project director | As explained above, the bank accounts opened by the implementing partner for NEX advances should NOT be owned by UNDP or opened in UNDP's name. UNDP will not make arrangements for its opening or closing, and UNDP staff may not be signatories on these accounts. These accounts are project accounts (where the IP is responsible), and not UNDP accounts . The implementing partner must have a strict control of this bank account, making bank reconciliations at least monthly, and must keep on file all documentation related to movements in such account. Any interest earned on the project bank account from the advances must be included by the IP in the FR/FACE and will be credited to the project by recording it as miscellaneous income; |
| 02 | Send record of authorized project personnel with samples of their signatures. This should at a minimum | Implementing partner project director | The IP must send to the CO a detailed record of authorized project personnel, including samples of their signatures. |

| Step | Task | Responsible Party | Notes |
|------|--|---------------------------------------|---|
| | include a principle signatory and an alternate. | | These authorities will normally have signed the AWP and will sign relevant FACE/FRs. This record has to be kept in the CO for internal control and also for audit purposes. |
| 03 | <p>Keep project files and related records, and make necessary updates including:</p> <ul style="list-style-type: none"> - Bank account details; - List of authorized signatories with samples. | UNDP Programme Officer | |
| 04 | <p>Plan project activities in line with AWP for the next quarter.</p> <p>Establish availability of funds.</p> <p>Review that funds requested are in line with AWP.</p> | Implementing partner project director | At the time the project requests an advance, the IP must verify that there are sufficient funds at the Donor/Fund level in order for the CO to proceed with the advance. The amount requested must reflect a realistic forecast of the funds that will be needed for the period requested. CO will not pay the advance if the project funds (at the level of donor/fund that corresponds to the advance) are not available. |
| 05 | <p>Prepare, sign and submit FR/FACE (each time the project needs funds, and at least quarterly).</p> <p>Include a copy of the bank statement showing the</p> | Implementing partner project director | <p>See requirements for the preparation of FR/FACE in the Templates and Forms section below.</p> <p>FR/FACE should be submitted to UNDP no later than 15 days after</p> |

| Step | Task | Responsible Party | Notes |
|------|--|------------------------|--|
| | closing cash balance for the relevant quarter. As necessary, include a reconciliation to the balance of cash funds available as shown in the FACE. (The reconciliation does not apply where the IP did not use a separate bank account for the project in question). | | the relevant quarter end. The IP authority signing the FACE should be consistent with that designated in the AWP. |
| 06 | <p>Verify FACE/FR as submitted by IP:</p> <ul style="list-style-type: none"> • Agree request to available budget as per Atlas / AWP. • Agree IP signature to sample per project files. • Check that opening balance agrees with the closing balance in the last Financial Report • Check the arithmetic of the report • Check the reasonableness of the outstanding obligations, planned expenditures and advance requested to the project budget, AWP and other documentation available. • Consider audit and existing assessment reports and whether | UNDP Programme Officer | <p>Do not neglect programme issues including findings from audit / assessment. This is not simply a bookkeeping process. The advances should only be made where the project manager agrees this is appropriate and necessary to achieve the programme outcome.</p> <p>Only sign and agree the FR/FACE if all points in this section are correct as submitted by IP or corrected by the UNDP project manager (e.g., by amending accepted amount on FACE).</p> |

| Step | Task | Responsible Party | Notes |
|------|--|------------------------|---|
| | <p>there are any grounds to withhold or reduce funding.</p> <ul style="list-style-type: none"> • Agree account codes to AWP / Atlas budget. • Must verify that at least 80% of the previous advance and 100% of all earlier advances have been liquidated as well as ensuring that there are no outstanding advances over one year old before approval of this advance request. <p>Options:</p> <ol style="list-style-type: none"> 1. Sign and approve the FR/FACE 2. Amend the FR/FACE, informing the IP of any changes made, sign and approve. 3. Reject FR/FACE, keeping copy on file, returning it to IP, giving reasons for rejection. | | |
| 07 | <p>For cash advances (based on FR/FACE):</p> <ul style="list-style-type: none"> • Raise an AP voucher charging Advances account 16005 with payee being the implementing partner (government | UNDP Programme Officer | <p>Never make vouchers payable to individual government or UN agency employees. The payee must be that of the implementing government department and agree to the name on the recipient bank account.</p> <p>Note that currencies should not be mixed within a single project. If the</p> |

| Step | Task | Responsible Party | Notes |
|------|--|-------------------|---|
| | <p>department or other national institution).</p> <ul style="list-style-type: none"> • Ensure amount, currency, payee, account codes are consistent with the supporting FACE/FR. • Print and sign the unapproved AP voucher and submit with supporting FR/FACE to the approving manager for the 2nd approval level. | | <p>advance is in the local currency, the expenditure report and all subsequent advances should be in the local currency.</p> <p>In considering the approval of cash advances, the project manager must consider the performance of the relevant programme and if continued funding is appropriate.</p> <p>Internal control check 1 of 3.</p> |
| 08 | <p>For cash advances (based on FR/FACE):</p> <p>Review the AP voucher and supporting FR/FACE for:</p> <ul style="list-style-type: none"> • Signed approval of project manager on both. • Consistency of both – check amount, currency, payee, account codes • Consider any other information that should prevent UNDP from making this payment. • If in proper order, approve the AP voucher in Atlas. • If not, return to project manager for attention. | Approving manager | <p>Approving manager's rights restricted by amount as follows:</p> <ul style="list-style-type: none"> • Level 1 < \$5,000 • Level 2 < \$30,000 • Senior – no restriction. <p>Internal control check 2 of 3.</p> <p>Where the approving manager rejects the advance request, a note to the file should explain why.</p> |
| 09 | For cash advances (based | See expenditure | The voucher follows the same |

| Step | Task | Responsible Party | Notes |
|------|--|--|---|
| | <p>on FR/FACE):</p> <ul style="list-style-type: none"> Perform budget checking and disbursement – see Accounts Payable and Disbursing Funds sections in Receivables and Expenditures, Management of Obligations, of these Policies and Procedures. | section of these Policies and Procedures | <p>process as any other AP voucher and disbursement – see Accounts Payable and Disbursing Funds sections of these Policies and Procedures.</p> <p>Note that when using the direct cash transfer / advances modality, NEX advances account 16005 (unlike all other balance sheet accounts) is budget-checked meaning that funds are deducted from Commitment Control at the time of advance and not at the time they are booked to expenditure.</p> <p>3rd and final internal control approval at disbursement.</p> |
| 10 | <p>For expenditure reports (based on FR/FACE):</p> <ul style="list-style-type: none"> Review for reasonableness and consistency with programme activities and signed Annual Work Plan. Check sufficiency of available advance and budget balances. <p>Options:</p> <ol style="list-style-type: none"> Sign and approve the FR/FACE Amend the FR/FACE, informing the IP of any changes made, sign and approve. Reject FR/FACE, keeping copy on file, | UNDP Programme Officer | |

| Step | Task | Responsible Party | Notes |
|------|---|--------------------------|---|
| | returning to IP giving reasons for rejection. | | |
| 11 | <p>For expenditure reports (based on FR/FACE):</p> <ul style="list-style-type: none"> • Raise APJV • Credit advances account 16005. • Debit (charge) expenditure accounts in line with Atlas budget and signed AWP. • Sign and approve the APJV, attach FR/FACE and pass to approving manager for review. | UNDP Programme Officer | <p>AP Journal Vouchers (APJV's) are used to book entries and not to make payments. The payment was made earlier at the point of advance of funds.</p> <p>The funds were budget-checked when advanced (in account 16005). Therefore, when crediting the advance account and charging expenditure the net effect on the budget in Commitment Control is nil (assuming the expenditure being booked is less than the net advance balance in account 16005).</p> <p>1st internal control approval.</p> |
| 12 | <p>For expenditure reports (based on FR/FACE):</p> <ul style="list-style-type: none"> • Agree APJV to supporting FR/FACE and that both are approved and signed by the project manager. Verify consistency of amounts, currency and account codes. • Consider any other information that should prevent UNDP accepting this expenditure. | Approving manager | <p>The approval is done by signature on the voucher and by approving the voucher inside Atlas.</p> <p>Note that as the original advance in Atlas was budget-checked, the voucher is budget neutral: it has no effect on Commitment Control (assuming the reported expenditure is less than the advance balance).</p> <p>The voucher will record expenditure and only at this point is delivery recognized in Atlas.</p> <p>2nd and final internal control approval.</p> |
| 13 | Revalue local currency advances balances | Chief, Accounts Division | At the end of each period established by UNDP HQ (quarterly, |

| Step | Task | Responsible Party | Notes |
|------|---|---------------------------------------|--|
| | | | yearly), outstanding balances of advances in local currency recorded in Atlas will be revalued at the UN rate of exchange for the last month of the period. Calculation of gain/loss on exchange rate will be charged/credited to the project as "unrealized gain/loss" (Account 76130 gain, 76120 loss, without indicating a specific Activity). In order to minimize the possible loss on exchange due to unspent balances in local currency, it is advisable that the implementing partner requests advances for short periods (i.e. monthly - maximum: quarterly) and in accordance with the actual need for funds that the project will spend in the period. This precaution is very important in countries with depreciating or unstable currency. Continuous monitoring of utilization of advances by the projects must be conducted by the CO. |
| 14 | Receive funds and make disbursements | Implementing partner project director | IP makes disbursements according to AWP and keeps records of all transactions. When more funds are needed, project director proceeds again from step 3. |
| 15 | <p>Reconcile the cash funds available as stated on FR/FACE to:</p> <ul style="list-style-type: none"> Balance as stated in Atlas a/c 16005. Project bank statement where a separate project bank account is used. | UNDP Programme Officer | <p>Where there are errors in either the FR/FACE or Atlas, follow up promptly to resolve.</p> <p>Make GLJE or APJV correcting entries in Atlas as required (see Clean-Up of Accounts Payable section, Receivables and Expenditures, Management of</p> |

| Step | Task | Responsible Party | Notes |
|------|---|-------------------|---|
| | Sign FR/FACE to evidence reconciliation review. Make available for audit inspection. | | Obligations of these Policies and Procedures for further guidance on correcting entries). |

Inputs

The inputs needed to process advance request are the following:

- Signed project document/annual work plan (planning of expenditures agreed);
- Record of authorized signatures;
- Financial Report or FACE signed by the implementing partner submitted to the country office;
- Funds available.

Deliverables

The following are the key deliverables for the advance process:

- Expenditures cleared and recorded in Atlas;
- Advance transferred to the project;
- Outstanding balances monitored according to rules;
- Progress towards achievement of results as detailed in the annual work plan

Roles and Responsibilities

| Responsible Party | Responsibilities | Remarks |
|---------------------------------------|---|--|
| Implementing partner project director | <p>Financial regulation 27.01: "...full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs..."</p> <p>Open, maintain and reconcile at least monthly, a project bank account.</p> <p>Keep full and proper accounting records of all procurements, payment and other transactions relating to the project and make these available for audit and</p> | <p>The project director may either open a separate bank account for the project or use an existing one held in the name of the IP, provided that agreed by the UNDP project manager.</p> <p>Financial Report should be signed by designated authorized IP official. List of authorized project personnel together with</p> |

| | | |
|-------------------|--|--|
| | <p>inspection on request.</p> <p>Establish availability of funds;</p> <p>Plan project activities and funds in line with AWP</p> <p>Receive funds and make disbursements.</p> <p>Complete the FR/FACE and submit a signed original to CO together with relevant documentation.</p> | <p>samples of signatures must be provided to CO.</p> |
| Programme Officer | <p>Verify whether funds have been used according to the AWP and whether progress is being made towards the achievement of the expected results.</p> <p>"First Authority" with primary responsibility for managing the resources being spent, according to the Internal Control Framework.</p> <p>Review the FR/FACE (opening and closing balance, arithmetic correctness), verify that resources are available and check the AWP to verify that the amount requested does not exceed the expenditures that may reasonably be expected during the next period.</p> <p>Verify if 80% of the previous advance and 100% of all earlier advances have been liquidated as well as ensuring that there are no outstanding advances over one year old before approval of the subsequent advance.</p> | <p>Internal control – 1st approval.</p> |

| | | |
|---|---|--|
| | If there are errors in the financial report, the designated institution must make corrections in consultation with the UNDP country office. | |
| Accounting assistant/clerk | Record the expenditures in Atlas using AP Vouchers. Budget-check voucher and report any errors. | Duty of care rather than internal control. |
| Manager Level 1=<US\$5000 Manager Level 2=<US\$30000 Manager Level 3=>US\$30000 | Approve APJV for reported expenditures and agree to supporting FR/FACE. Consider any other information that should prevent UNDP accepting this expenditure or making this advance. | Internal control – 2 nd approval |
| Operations manager/DRR | Sign the transfer/check – see expenditure section | Internal control – 3 rd approval. |

Templates and Forms

The forms to request advances have two parts: a) report of expenditures made, and b) request of advance (if needed). The implementing partner has to report expenditures made with advances and request additional funds (if needed) on a quarterly basis, or more frequently if appropriate.

The **Financial Report (FR)** is used for non-harmonized programmes. Form and instructions can be accessed at: [Financial Report](#)

The **Funding Authorization and Certificate of Expenditures (FACE)** is used for harmonized programmes and for direct cash transfers and reimbursements to implementing partners, and direct payments (see Direct Payments section in this same chapter of the Policies and Procedures). Forms and instructions can be accessed at: [Framework for Cash Transfers to Implementing Partners](#)

Together with the Financial Report or FACE, the project has to send a copy of the bank statement as up to the date of the end of the period reported, to enable the country office to compare bank balances with Financial Report or FACE balances (UNDP will not make reconciliation between bank statements and expenditures reported in the Financial Report or FACE. This is the responsibility of the implementing partner and correctness of this reconciliation will be determined by the audit exercise.). The following main instructions apply:

- If using the Financial Report, the expenditures are reported by the implementing partner by month (as explained above, this can be done in monthly financial reports or quarterly financial reports with four columns, one column for each month and a total column). The country office records the expenditures made by the implementing partner with the corresponding equivalent US dollars at the UN rate of exchange for the month when the expenditure was made;
- If reporting using the FACE format, expenditures can be reported for the quarter or it may be agreed by the implementing partner and the country office that the implementing partner must report expenditures in the month when they were made. Reporting expenditures in the month they were made requires a customization of the FACE, opening as many columns as months of expenditures are reported (maximum three columns for expenditure and one for quarter). In countries with unstable or depreciating currency, when dealing with advances in local currency, it is advisable to report by month in order to avoid losses due to exchange rate;
- Expenditures must be reported in Atlas by Activity, Donor, Fund, and Account in line with the approved budget in the annual work plan;
- If the project has received advances in more than one currency, a separate financial report or FACE must be submitted for each currency received;
- In all cases, expenditures reported have to be made in the same currency as previously advanced (no changes in currencies are allowed);
- The implementing partner must submit the corresponding financial reports or FACEs every time the project needs more funds and at the end of each quarter, within the first 15 days of the following quarter. The quarterly reporting is necessary in order for UNDP to close its accounts for that period and in order to monitor the outstanding balances;
- Although every effort must be made in order to obtain the financial reports or FACEs signed every quarter, if for any reason the report is not received by the country office within the established deadlines, it will be considered that no expenditures were made in the period that is closing. UNDP will proceed with the revaluation of the balances in local currency, which will thus record the corresponding gain/loss on exchange. The expenditures made in the period not reported, must be reported in the following period, together with justification of failure to report within the established deadlines;
- The financial report or FACE must include detailed information on payment instructions (bank account where advances should be deposited).

Using the FACE

The harmonized Funding Authorization and Certificate of Expenditures form simplifies the paperwork to authorize expenditure or transfer cash to implementing partners.

The FACE supports several important functions:

- Request for funding authorization: The section “Requests / Authorizations” will be used by the implementing partner to enter the amount of funds to be disbursed for use in the

new reporting period. The country office can accept, reject or modify the amount approved;

- Reporting of expenditures: The section “Reporting” will be used by the implementing partner to report to the country office the expenditures incurred in the reporting period. The country office can accept, reject or request an amendment to the expenditures reported;
- Certification of expenditures: The section “Certification” will be used by the designated official from the implementing partner to certify the accuracy of the data and information provided.

In the process of certification, the designated official attests to one or both of the following statements:

- That the funding request shown represents estimated planned expenditures as per the Country Programme Action Plan (CPAP)/Annual Work Plan (AWP) and that itemized cost estimates have been attached and/or;
- That the actual expenditures for the reported period have been disbursed in accordance with the country programme action plan/annual work plan and previously approved itemized cost estimates. Further, the designated official attests that the supporting accounting documentation will be made available, upon request, for a period of five years.

When processing a payment to an implementing partner, a copy of the approved FACE should be returned to the implementing partner together with the notice of disbursement, cheque, etc. A detailed discussion of each segment of the FACE follows below.

FACE: Overall Approach and Guiding Principles

The FACE is intended to replace all other documentation used by partners for requesting funds and reporting expenditure. Not all sections of the form will be used at all times. For instance, for an initial disbursement, only the request section of the form will be completed. For a final payment upon AWP completion, only the reporting section will be used. The following guiding principles apply:

- No FACE will be processed without the appropriate signature from the designated implementing partner official;
- The FACE is aligned with the annual work plan. The activities for which funds authorization is requested, or for which expenditure is reported, will be the activities specified in the annual work plan;
- The FACE is normally certified by the designated official who signs the annual work plan. In all other circumstances, the annual work plan will specify any other official authorized to certify the FACE. For instance, the designated official signing the annual work plan may be from the central Ministry of Health while the actual expenditures may be incurred by a regional health office. In such cases, the annual work plan should specify whether the central authority will process and sign a consolidated FACE or whether

individual FACE forms will be processed by other authorized officials from the subordinate offices and implementing partners. The respective reporting relationship must be specified in the annual work plan;

- A request for funding included in the FACE must be accompanied with an itemized cost estimate of the activities to be funded according to UNDP guidelines. The nature and detail of this list can be negotiated at the country level;
- The normal disbursement cycle for the FACE is quarterly.

FACE: Header Area

The header area of the FACE allows the implementing partner to report on the reason and purpose of the funding/ reporting request. This data is usually needed for correct coding in financial and management accounting systems. The specific data elements include:

- Name of the agency (UNDP);
- Date of the request;
- Type of request (direct cash transfer, direct payment, reimbursement);
- Country where the programme takes place;
- Programme title and code (as appropriate);
- Annual work plan title and code;
- Responsible officer(s);
- Implementing partner;
- Currency of the request and disbursement.

FACE: Body of the Form

Activity Description: This is a text field containing a short description of the activity as it appears in the underlying annual work plan, as well as its duration. This data is normally needed for UNDP's programme or project management systems.

Coding Column: The second column will allow UNDP to enter its own account codes. This data is required for UNDP's financial accounting system. UNDP may enter this data itself or it may require the implementing partner to fill it in. If the latter, the training of the counterpart staff will be required.

Reporting Area

The FACE is a dynamic form that must balance and reconcile from one reporting period to the next. The first column, column A, on the form repeats the last one, column G, from the previously submitted and authorized FACE form. Note that columns C, D, F and G are shaded. They are blank when the FACE is submitted to the country office. They are filled out by the country office prior to the financial processing of the form. All non-shaded columns are to be completed by the implementing partner.

Column A – Authorized Amount: Column A will be blank for the first request from an implementing partner. It should include the date of the most recent previous authorization.

Column B – Actual Expenditure: Column B reports the actual expenditures by the implementing partner for the period. The expenditures reported by the implementing partner are, at this point, still subject to review and approval by the country office. The designated official of the implementing partner is certifying that these expenditures are reported in accordance with the provisions of the annual work plan, country programme action plan and/or other related agreements with UNDP.

Column C – Expenditures Accepted by Agency: Column C is used by the country office to review and approve, reject or amend to expenditures reported by the implementing partner. If the amounts are accepted as reported, no further adjustments to this part of the FACE or communication with the implementing partner about these expenditure is required. However, if changes are made (e.g., to query or reject a reported expenditure), then the amount recorded by the country office in column C will differ from that reported in column B. In this case, the change needs to be communicated with the implementing partner.

Column D – Balance: Column D records the balance of funds authorized for use in the reporting period that remained unspent as of the date of the form. The term ‘unspent’ can also reflect expenditures which are either known or ongoing as of the date of the FACE, but which cannot be certified by the implementing partner due to timing or internal reporting delays. The outstanding balance of funds authorized by activity can be carried forward, reprogrammed or refunded, depending on the particular circumstances of the signed agreement.

Requests and Authorizations Area

Column E – New Request Period and Amount: Column E determines the period of the new request, which is normally contiguous to the last reporting period. The column contains the requests for the authorization to spend or receive funds, by activity and for that period. Each time a request for new or additional funds is submitted, it will be accompanied by an itemized list of expenditures in line with the annual work plan. This column can also reflect any balance for an activity in column D, which is requested for reprogramming. This will reduce the total amount of the new disbursement request accordingly.

Column F – Authorized Amount: Column F is used by the country office to establish the amount of new funds, by activity, to be disbursed for the new reporting period. This column is filled in by the country office. It can be used to accept, reject or modify the amounts requested in column E. Any credits for reprogramming will be reflected in this column for reconciliation of the amounts.

Column G – Outstanding Authorized Amount: Column G is the sum of columns D and F, and indicates the total outstanding authorized amount. For subsequent period reporting, the amount of this column will be carried forward to the column A of the new FACE form

Certification Area

The Certification Area is used by the designated official of the implementing partner to request funds and/or to certify expenditures. This area requires a date, the signature of the official and his/her title.

For Agency Use Only Area

Approvals Box: The “For All Agencies” box in the lower left hand corner of the FACE form should be signed by the appropriate UNDP official. This indicates the review and approval of the request for funds and authorizes the recording of the reported expenditures. The official should sign, date and provide his/her title.

Accounting Coding Boxes: The remainder of the form is used by UNDP to complete the coding as required by its financial and management accounting systems.

Lessons

Working with advances presents two positive and negative elements:

- **Positive:** the implementing partner is totally responsible for project funds and must undertake necessary procedures and manage all complete processes to obtain the expected goals. Since the idea of national implementation is to help to build capacities of the implementing partner, this seems to be a good way of managing NEX funds. In addition, if the implementing partner performs all necessary operating procedures, this will reduce the workload of the country office;
- **Negative:** There is a risk that cash transferred to a national institution may not be used or reported in accordance with agreements between the UNDP and the national authorities. There is also a risk of under-delivery and/or excessive outstanding advance balances. The monitoring of the correct use of advanced funds increases the demand on the country office, involving more substantive and close financial monitoring of the projects.

Direct Payments

Description

Under this modality, the implementing partner (IP) - or executing agent for non-harmonized programmes (see introductory section on National Implementation Finances in this same chapter of the Policies and Procedures) - carries out the procurement but requests UNDP to make the disbursements. The country office provides accounting and banking services to the implementing partner.

As for cash transfers, the direct payment modality for projects under national implementation (NEX) is possible only where the office has carried out an assessment of the internal controls of the executing agency and determined that they are adequate.

Relevant Policies

Refer to sections on Accounts Payable and Disbursing Funds in Receivables and Expenditures, Management of Obligations, in the present Policies and Procedures. In particular, the request for payment must enclose any necessary background documentation. Also see the UNDP internal control framework in the following link: [Internal Control Framework](#)

Under the direct payment modality the implementing partner is solely responsible for procurement (it should be remembered that there cannot be mutual accountability for these procurement actions). Nevertheless, in conducting its micro-assessment and other assurance activities, the country office should ensure it has reasonable confidence that the implementing partner is conducting procurement to standards compatible with UNDP's own. Should that not be the case, the payment modality and status of the implementing partner should be reviewed in order to better manage the level of risk. For example, another payment modality could be selected or, where circumstances warrant such action, UNDP may decide to discontinue work with the implementing partner in question.

If the project manager considers a greater lever of oversight helpful to the process, she / he may request the implementing partner to provide backing documentation with the request for payment or the Funding Authorization and certificate of Expenditures (FACE), for example to give the implementing partner useful responses on how it might improve its procurement practice. Nevertheless, care should be taken to ensure there is no confusion on where responsibility for procurement lies, i.e. with the implementing partner.

Procedures

| Step | Task | Responsible | Notes |
|------|---|---------------------|---|
| 1 | Send signed payment request / FACE to UNDP. | IP project director | As the IP, not UNDP, is responsible for the procurement, the IP does not need to supply supporting documentation. |

| Step | Task | Responsible | Notes |
|------|--|------------------------|---|
| | | | The FACE signed by the designated government official is the supporting documentation used by UNDP to process payment. |
| 2 | <p>Review and agree signature on request / FACE.</p> <p>Compare to available budget / AWP to ensure consistency.</p> <p>If in order, raise AP voucher, sign and pass to approving officer</p> | UNDP Programme Officer | <p>Internal control - 1st approval.</p> <p>Note that as the procurement has been performed by the IP, the transaction for UNDP begins with an AP voucher regardless of amount.</p> |
| 3 | <p>Review AP voucher and supporting request / FACE for consistency and proper authorization (i.e. signed by authorized official).</p> <p>Consider any other knowledge that should prevent payment by UNDP.</p> <p>If in order, approve AP voucher with signature and in Atlas.</p> | Approving manager | Internal control – 2 nd approval. |
| 4 | Disbursement – see section on Disbursing Funds in Receivables and Expenditures, management of Obligations, of these Policies and Procedures | Operations manager | Internal control – 3 rd approval. |

Inputs

The following are the basic inputs needed to process a request for direct payment:

- Signed project document/annual work plan;
- Record of authorized signatures;
- Signed request for direct payment submitted by the implementing partner;

- Funds available.

Roles and Responsibilities

| Responsible Party | Responsibilities | Remarks |
|---------------------|--|---|
| IP project director | <p>Financial regulation 27.01: "...full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs..." – see introductory section on NEX finances of this chapter of the Policies and Procedures.</p> <p>Raise and submit request for payment / FACE consistent with AWP.</p> <p>Maintain full and proper accounting records and keep available for audit on request.</p> | |
| Programme Officer | <p>Review and agree signature on request / FACE.</p> <p>Compare to available budget / AWP to ensure consistency.</p> | Internal control – 1 st approval |
| Approving manager | <p>Review AP voucher and supporting request / FACE for consistency and proper authorization.</p> <p>Consider any other knowledge should prevent payment by UNDP.</p> | Internal control – 2 nd approval |
| Operations manager | Disbursement – | Internal control – 3 rd approval |

Additional Information

See Accounts Payable and Disbursing Funds sections in Receivables and Expenditures, Management of Obligations, of these Policies and Procedures.

Lessons

UNDP must not be considered a mere "administrator" of the funds of national implementation projects. The support services that the country office provides to the projects have the objective of supporting the government in the achievement of certain goals, while creating capacities in the national institutions. It is not the mission of UNDP to be considered only as a provider of services. The services are part of a major support (technical, advisory, evaluation, etc.) that UNDP provides to the government.

Direct payments requested by the national implementation projects do not require a deep analysis of the origin or procedures undertaken by the implementing partner. These aspects should be addressed ex-ante, with monitoring and assurance processes during the implementation of the project, including checking that the request of direct payment is in line with the activities agreed in the annual work plan – or in the project document for non-harmonized programmes.

CO Support Services to National Implementation

Description

In its role as a development partner, UNDP participates in formulating, monitoring and evaluating programmes and projects under national implementation in order to achieve results. UNDP also assists with financial reporting and sometimes makes direct payments to contractors and suppliers at the request of the designated institution (the implementing partner).

In addition, the country office may provide the following services that would normally be undertaken by the designated institution:

- Identification and recruitment of programme or project personnel;
- Identification of training activities and assistance in carrying them out;
- Procurement of goods and services.

In this modality of CO Support Services to National Implementation, the country office provides support services upon request from the implementing partner, for activities within the Project Document (for non-harmonized programmes) or CPAP plus Annual Work Plan (for harmonized programmes, and in accordance with the regulations, rules and procedures of UNDP. The nature and scope of the services must be described in annexes to the project document or annual work plan.

An agreement must be signed between the resident representative and the national government, through an authorized official, for UNDP to provide country office support services to national implementation.

UNDP meets the costs of normal administrative support to programmes and projects from the budget of the country office. Therefore, the UNDP resident representative should only recover the cost of providing support services where the support involves clearly identifiable and additional costs to the normal administrative support provided by the office. These costs are debited to the programme or project provided that the government agrees. The costs and related payment schedules must be described in the annex to the project document that deals with the provision of UNDP support services.

The administrative, financial and technical tasks involved in managing programmes and projects are normally integrated into the work of the national implementing partner. Where the implementing partner lacks the capacity to undertake these tasks, the parties should work out measures to build up that capacity as part of the design of the programme or project.

A management support unit (MSU) may be established to carry out the tasks that cannot be handled by the implementing partner's existing mechanisms.

The management support unit, as a parallel structure to that of the government, can create problems: it may impede the development of the government's own capacities and it may provide services at a cost that the government could neither afford nor sustain. For these reasons, UNDP may support the establishment of a management support unit only where the support is limited in time and is accompanied by capacity-building measures in the government.

Note: The Local Project Appraisal Committee (LPAC) must address the cost-effectiveness of an MSU, impact on sustainability and need for capacity-building, and clarify the expected results in terms of increased accountability, capacity, quality programming, delivery etc.

Relevant Policies

Refer to all policies applicable for UNDP operations (i.e. procurement of goods and services, recruitment of project personnel - Special Service Agreements - SSAs and service contracts -, training activities, etc.), in particular the chapters on Contract and Procurement Management and Human Resources Management of the present Policies and Procedures.

Procedures

Refer to procedures applicable for UNDP operations (i.e. procurement of goods and services, recruitment of project personnel - SSAs and service contracts -, training activities, etc.), in particular the chapters on Contract and Procurement Management and Human Resources Management of the present Policies and Procedures.

Inputs

Agreement with the government on the provision of services by UNDP.

Deliverables

Timely and proper provision by UNDP of human resources and procurement services to a national implementation project.

Roles and Responsibilities

All staff in the country office may have a role in services provided to projects (i.e. procurement of goods and services, recruitment of project personnel - Special service agreements and service contracts, training activities, etc.)

The UNDP resident representative is accountable for the provision of the services required, and their quality and timeliness, and for this purpose draws as far as possible on the experience and expertise of other United Nations organizations. The services are subject to the same monitoring and evaluation as other UNDP-supported activities.

Templates and Forms

Refer to all templates and forms applicable for UNDP when providing services such as:

- Identification and recruitment of programme or project personnel;
- Identification of training activities and assistance in carrying them out;
- Procurement of goods and services (see chapter on Contract and Procurement Management in the present Policies and Procedures).

Lessons

It is important to build national capacities, since UNDP must not substitute for the national entities in the implementation of national implementation projects. However in some

circumstances, UNDP is requested to provide such services, and this must be done strictly following UNDP rules and regulations. Exit strategies should be established.

Combined Delivery Report

Description

The Combined Delivery Report (CDR) is the report that reflects the total expenditures and actual obligations (recorded in Atlas) of a project during a period (quarterly and at the end of each year). This report is prepared by UNDP, using Atlas. As described in more detail below, the Combined Delivery Report combines expenditures from three disbursement sources:

Implementing Partner (either government or non-governmental organization)

UNDP procedures require that where funds are advanced to the implementing partner (IP), the implementing partner must submit to the UNDP country office, on a quarterly basis, a financial report (or Funding Authorization and Certificate of Expenditures – FACE – for harmonized programmes, see section on Direct Cash Transfers in this chapter of the Policies and Procedures) including (1) the status of the advance (2) a list of the disbursements made since the previous financial report, and (3) a request for a new advance. The UNDP country office enters the disbursements in Atlas throughout the year as the financial reports are received. These implementing partner disbursements are recorded in the government disbursements column in the combined delivery report.

UNDP (country office, headquarters and other country offices)

Disbursements made by UNDP from its own bank accounts are entered in Atlas by the country office (CO). These UNDP disbursements are recorded in the UNDP disbursements and encumbrances columns in the combined delivery report. These disbursements may be classified as either direct payments or UNDP CO support services to national implementation. This distinction, while very important for audit purposes, is not apparent from the combined delivery report and can only be provided by the country office as a supporting schedule. A brief description of each category is provided below.

- **Direct Payments** - This is where the implementing partner is responsible for the expenditure but has requested UNDP to effect payment to the vendor or consultant on its behalf. The implementing partner is accountable for the disbursement and maintains all supporting documentation. UNDP simply effects payments on the basis of properly authorized requests and gives the implementing partner a copy of the related disbursement voucher as evidence that payment was made (see section on Direct Cash Transfers in this chapter of the Policies and Procedures);
- **UNDP CO Support Services to National Implementation**- This is where the implementing partner and UNDP have agreed that UNDP will provide support services to the project. These support services must be described in the project document or in an annex to the project document. UNDP is fully responsible and accountable for these expenditures and, accordingly, maintains all supporting documentation for the disbursement. Transactions corresponding to UNDP outstanding obligations will be recorded in the encumbrances column (see section on CO Support Services to National Implementation in this chapter of the Policies and Procedures).

UN Agencies

The UN agency reports its expenditures to UNDP and to the implementing partner. UNDP enters the expenditures in Atlas where they are recorded in the UN agencies disbursements column in the combined delivery report.

The combined delivery report also reflects:

- Realized gain/loss (gain/loss on exchange due to difference in the dates of the voucher and the date of the payment);
- Unrealized gain/loss (revaluation of balances of advances).

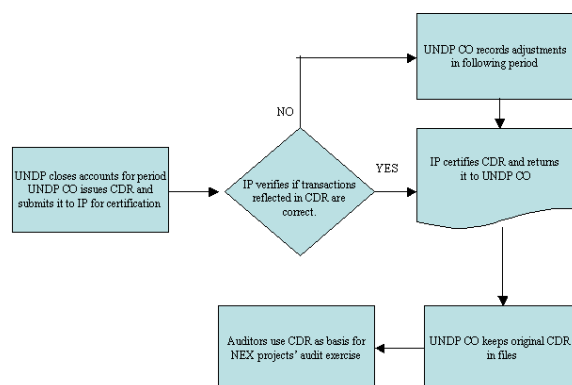
The combined delivery report constitutes the official report of expenditures and obligations of the project for the period. Therefore, the combined delivery report issued at the end of the year will contain all valid transactions of the project for the closed year. The expenditures and obligations there reflected are considered as final for that year, and consequently the re-phasing of the remaining budget to the following year(s) of the project will be done based on this information. If any adjustment must be made in the project's accounting once the annual combined delivery report has been issued, this must be recorded in the following year. Once the combined delivery report is "closed" no further adjustments can be made for that period.

Relevant Policies

See overview section on National Implementation and NGO Finances in this chapter of the Policies and Procedures.

Flow Chart

Combined Delivery Report Flowchart



Procedures

| Step | Task | Responsible | Notes |
|------|--|----------------------|--|
| 01 | Closing of Accounts for a period (quarter, annual) | UNDP | |
| 02 | CDR issued and sent to IP | CO | |
| 03 | Verification/certification of CDR, remittance of original signed to UNDP | Implementing partner | CDR must be signed by the authorized project personnel (i.e. Project Director or highest authority of the implementing partner). |

| Step | Task | Responsible | Notes |
|------|---|-------------|--|
| | | | <p>The signed original must be returned to the CO by the established deadlines (generally 15 days after the CDR was sent to the IP)</p> <p>The presentation of the signed CDR to the CO by the indicated deadlines should be considered a pre-requisite for continued advances to the project and processing direct payments, or any other service requested by the project.</p> |
| 04 | Original CDR received and kept in files | CO | |
| 05 | Auditors utilize CDR as basis for NEX audit | Audit firm | The CDR is used in the audit as the official information for the total expenditures of the project. |

Inputs

- UNDP closure of accounts for the period (quarterly or at a minimum yearly);
- Combined delivery report issued by the country office and sent to the implementing partner.

Deliverables

- Combined delivery report signed by the implementing partner, received by the country office and kept in files;
- Actual expenditures/obligations for the period are certified.

Roles and Responsibilities

| Responsible Party | Responsibilities | Remarks |
|---|--|---|
| CO: Finance associate/programme officer | <p>Issue the CDR each quarter, once the Atlas accounts are closed</p> <p>Verify that expenditures/ obligations, realized gain/loss, and unrealized gain/loss included in CDR are correct. Send CDR to implementing partner</p> | Unrealized gain/loss should be reflected quarterly. However, if the batch process is not run for the first three quarters, this should be done at least yearly. |
| Implementing partner | <p>Verify that expenditures/ obligations, realized gain/loss, and unrealized gain/loss included in CDR are correct.</p> <p>Certify CDR, signing one original</p> <p>Send certified original to UNDP CO</p> | <p>Only highest authority of the IP or the designated authorized project personnel can sign the CDR. CDR should be sent to UNDP CO within the deadlines established.</p> <p>The presentation of the signed CDR to UNDP should be considered a pre-requisite to continue giving advances to the project and processing direct payments, or any other service requested by the project.</p> |
| UNDP CO: Accounting assistant/ clerk | Record the receipt of the certified CDR and keeps original in file. | |
| Audit Firm | Verify the mathematical accuracy of the CDR, ensuring that the expenditures described in the supporting documentation are reconciled to the expenditures, by | |

| | | |
|--|---|--|
| | <p>disbursing source, in the CDR.</p> <p>State opinion whether the CDR presents fairly the expenditures for the project and that the funds were utilized for the purposes described in the project document or annual work plan.</p> <p>Include certified original of CDR in audit report</p> | |
|--|---|--|

Templates and Forms

For CDR forms, refer to Atlas (<https://www.partneragencies.org>)

Lessons

Close follow up with implementing partner is essential to obtain signed combined delivery reports in a timely manner.

AUDIT

Description

The premise of national implementation by governments (or non-governmental organizations - NGOs) is that UNDP is entrusting a government institution or a non-governmental organization with the management of UNDP resources. The overarching objective of the audit exercise, therefore, is to provide UNDP with assurance as to the proper use of resources. By extension, the audit serves as an element of the project monitoring tools used by UNDP.

Audit is an integral part of sound financial and administrative management, and part of the UNDP accountability system. UNDP financial statements are audited regularly by the United Nations Board of Auditors (UNBOA) and the findings are reported to the UNDP Executive Board and the General Assembly every biennium. In expressing its opinion on UNDP financial statements, the Board of Auditors refers to the outcome of the audits of projects (or annual work plans under the harmonized programming arrangements; see Programme and Project Management chapter) that are nationally implemented by Government or non-governmental organizations. Consequently, delays in the completion of audits of projects nationally-implemented by Government or non-governmental organizations or qualified opinions expressed by the auditors have a direct impact on the opinion expressed by the Board of Auditors on UNDP financial statements.

The cost of project audits should be charged to the project or in a second instance to XB funds.

Scope of Audit

Audit services cover the overall management of the project's implementation, monitoring and oversight.

Non HACT-compliant country offices

For those country offices that have not fully implemented the [Harmonized Approach to Cash Transfers \(HACT\)](#) to implementing partners, the audit of projects nationally implemented by Government or by non-governmental organizations will be more of a financial nature that is ultimately meant to have the auditors express their opinion on:

- The annual expenditure;
- The assets and equipment;
- The cash position of a given project.

To this effect, the audit work should include the review of work plans, progress reports, project resources, project budget, project expenditure, project delivery, recruitment, operational and financial closing of projects (if applicable) and disposal or transfer of assets.

HACT-compliant country offices

For those country offices which have fully implemented [HACT](#), the audit of projects nationally implemented by government or by non-governmental organizations will express an opinion on the functioning internal controls of the implementing partner. Consequently, whereas the

audits for Non-HACT country offices cover each individual project (one audit report per project), the audits for HACT country offices cover each implementing partner (one audit report per implementing partner). More details about the scope of the audit and the deliverables described below are available in the [HACT](#) framework under Annex VII, Technical Note 4. Additional details will also be made available on the Intranet site of the [Office of Audit and Investigation \(OAI\)](#) as the need may arise.

Even though a country office has been considered to be fully HACT compliant, it might also choose to follow, in addition, the audit regime described above for non-HACT country offices and have the auditors conduct a financial audit of individual projects..

Audit Deliverables

Non HACT-compliant country offices

For those country offices that have not fully implemented HACT, the auditors of national implementation (NIM) projects should deliver the following:

- A report expressing an audit opinion on the statement of expenditure (Combined Delivery Report - CDR) for the period from 1 January to 31 December YYYY as to whether the expenditure is adequately and fairly presented and the disbursements made are in accordance with the purpose for which funds have been allocated to the project;
- A report expressing an audit opinion on the statement of assets and equipment as at 31 December YYYY as to whether it is fairly and adequately presented;
- A report expressing an opinion on the statement of cash position as at 31 December YYYY as to whether it is fairly and adequately presented;
- A management letter discussing the general progress of the project and any internal control weaknesses that the auditors would have identified in the course of their audit.

HACT-compliant country offices

For those country offices that have fully implemented HACT, the auditors should deliver an audit report that, at minimum, includes the following:

- An opinion on the functioning of internal controls;
- An executive summary with the key findings, risks and recommendations;
- A summary of the main identified risks to the management of agreed activities and the use of funds provided by the agencies, arising from weak internal controls;
- Any identified specific internal control weaknesses in the financial management of the implementing partner;
- Recommendations on how the identified risks may be better managed, and how the implementing partner's internal controls can be strengthened. Recommendations should clearly identify those responsible for their implementation within the

implementing partner. The comments of the implementing partner should be included in the report, under each recommendation;

- Comments on the follow-up to the recommendations from previous audits or assessments and the management response to those;
- A list of transactions tested. For any exceptions identified, the report should list the transaction details and the nature of the exception;
- If applicable, any “good practices” that were developed by an implementing partner and that could be shared with other implementing partners.

In line with UNDP experience, to enhance communication among different government counterpart institutions, a follow-up action plan with both, "negative" as well as "positive" practices is to be shared.

Audits conducted by national Supreme Audit Institutions

The audit of projects nationally implemented by government or non-governmental organizations can be assigned to the national Supreme Audit Institution (SAI) only on the condition that the institution has a demonstrated capacity to carry out the audits in an independent manner. Otherwise, an external and independent audit firm should be engaged to carry out audits of projects implemented by government or non-governmental organizations (see below).

To this effect, the country offices that opt to have the audit of projects nationally implemented by government or non-governmental organizations undertaken in full or in part by the national Supreme Audit Institution are required to document that a capacity assessment of this institution was undertaken and its outcome was satisfactory. This requirement is also consistent with the HACT framework when determining the audit entity that will undertake the audit of implementing partners.

OAI has made available on its [Intranet site](#) guidance on the assessment of a Supreme Audit Institution along with a questionnaire that should be properly completed, signed and communicated to OAI to support that due diligence has been exercised prior to opting for having the audits of projects nationally implemented by government or non-governmental organizations undertaken by the national Supreme Audit Institution. It is strongly recommended that country offices hire the services of professional and qualified auditors to assist in completing and reviewing this questionnaire.

Country offices that will assign the audits of projects nationally implemented by government or non-governmental organizations to the national Supreme Audit Institution should make every effort to complete this questionnaire and submit it to OAI within the established deadline as can be found in the website.

Relevant Policies

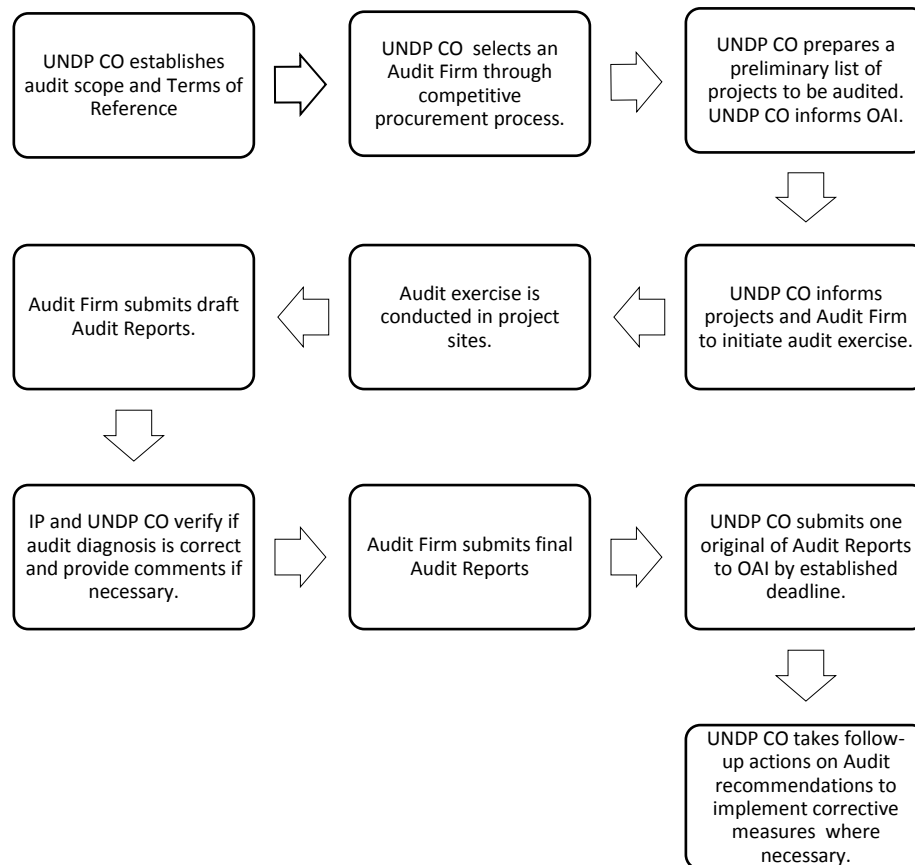
UNDP Financial Regulation 16.04 states:

“The Administrator shall ensure that, except for organizations of the United Nations system, executing entities or, under the harmonized operational modalities,

implementing partners, shall require auditors to follow the audit principles and procedures prescribed for the United Nations in respect of resources obtained from or through UNDP and shall ensure that each UNDP programme activity is audited at least once in its lifetime, or as otherwise required pursuant to the relevant agreements governing such programme activity.”

Flowchart

Non HACT-compliant country offices



Procedures

Non HACT-compliant country offices

| Step | Task | Responsible | Notes |
|------|---|----------------|---|
| 01 | Establishment of audit scope and terms of reference | Country office | <p>Refer to specimen terms of reference on OAI Intranet site and additional guidance included in the annual call of audit plans issued by OAI.</p> <p>a) The scope of the audit of a nationally implemented project should not include expenditure incurred by a United Nations agency when it is participating in this project as a responsible party.</p> |

| Step | Task | Responsible | Notes |
|------|---|----------------|--|
| | | | <p>b) If UNDP is providing support services to the project (as a responsible party) and a standard letter of agreement for the provision of support services has been duly signed between UNDP and the Government, the expenditure incurred by UNDP should be excluded from the scope of the audit.</p> <p>c) If UNDP is providing support services to the project but a standard letter of agreement for the provision of support services has not been duly signed between UNDP and the Government, the expenditure incurred by UNDP should be included in the scope of the audit.</p> <p>In cases of (a) and (b) where some of the project expenditure is excluded from the scope of the audit, the auditors need to clearly state the share of expenditure that was not covered by their work and therefore also not covered by their audit opinion.</p> <p>The scope restriction in (a) and (b) above should not be a reason for the auditors of projects nationally implemented by government or NGOs to issue a qualified audit opinion since, in these two cases, they are not called to express an opinion on the totality of the CDR amount.</p> |
| 02 | Selection of an audit firm | Country office | <p>In order to conduct the audits of nationally implemented projects (by Government or NGO), an audit firm must be selected, through a competitive request for proposal and procurement process. This selection is made by UNDP and the contract should be signed between UNDP and the audit firm. For details on the qualifications of an Auditor refer to the OAI Intranet site.</p> <p>The audits of nationally implemented projects (by Government or NGO) may be undertaken by the national Supreme Audit Institution (SAI) on the condition that this institution has a demonstrated capacity to undertake these audits in an independent manner. Therefore, the SAI should be first subject to a capacity assessment and if the outcome of this assessment is satisfactory, the SAI could then be assigned to undertake the audit of the NIM projects. For more details refer to the OAI Intranet site and OAI annual call for NIM audit plans.</p> |
| 03 | Preparation of the list of projects to be audited | Country office | <p>All nationally-implemented projects must be audited periodically. The UNDP country office will draw up an annual audit plan for NIM projects by October/November of each year. The audit plan should be submitted to OAI for review and approval.</p> <p>The audit plan lists the programmes and projects scheduled to be audited, considering among other things, whether the programme or project has previously been audited, the volume of expenditure, the number of programmes and projects. Refer to OAI</p> |

| Step | Task | Responsible | Notes |
|------|--|---|---|
| | | | Intranet site and the OAI annual call for audit plans issued by OAI for the criteria that the country office should use in selecting the projects for audit. |
| 04 | Notification to the projects | Country office | The projects that have been selected for an audit should be notified as soon as possible and, at the latest, immediately after the list of projects has been approved by OAI. Notification should be done through a letter from the country office, informing the project of the dates of the audit, and asking the project and appropriate implementing partner to prepare all necessary documentation to be ready for the auditors. It is advisable also to request each project to provide the name of the project personnel who will act as focal point for the audit process, in order to facilitate the contact between the project and the auditors. It is reflected in the "Statement of Work" by each project. |
| 05 | Audit of the project | Audit firm | |
| 06 | Draft audit report submitted to project and CO | Audit firm | The audit firm provides a draft audit report to the project and to the country office for them to provide any comments and to confirm if all audit comments and recommendations are correct, or if there is any issue that needs to be clarified. |
| 07 | Comments provided by project and country office management | Implementing partner and country office | Implementing partner and country office check if any issue raised by the Auditors can be explained / clarified and comments amended in the final report. |
| 08 | Final audit report submitted | Audit firm | Report is submitted to country office and implementing partner. |
| 09 | Audit report sent to OAI | Country office | The final audit report of each project nationally implemented by government or NGOs must be sent to OAI within the appropriate deadline. |
| 10 | Follow-up actions on recommendations made by the Auditors | Country office | Country office takes follow-up actions on audit recommendations to implement corrective measures where necessary. |

For more detailed information on the audit of projects nationally implemented by government or non-governmental organizations, please refer to [OAI Intranet site](#).

HACT-compliant country offices

| Step | Task | Responsible | Notes |
|------|--|--|---|
| 01 | Establishment of schedule of audits for the period covered by the CPAP | UN country team/UNDG Ex-Com agencies | <p>Schedule to be determined on the basis of, inter alia, the outcome of the macro assessment, the micro assessment and other assurance activities such as periodic on-site reviews, programmatic monitoring, spot checks.</p> <p>The schedule of audits should be revised and updated as activities are implemented or to reflect any concerns that were not initially foreseen. Implementing partners who receive or plan to receive more than USD 500,000 in cash transfers collectively from the Agencies during the period covered by the CPAP should be audited once or more during the programme period.</p> |
| 02 | Establishment of audit scope and terms of reference | UN country team / UNDG Ex-Com agencies | Refer to the HACT framework . |
| 03 | Selection of an audit firm | UN country team / | In order to conduct the audits, an audit firm must be |

| Step | Task | Responsible | Notes |
|------|--|--|--|
| | | UNDG Ex-Com agencies | selected, by the UN country team/UNDG Ex-Com agencies, through a competitive request for proposal and procurement process. The national Supreme Audit Institution (SAI) could be assigned this task provided that it has a demonstrated adequate capacity. |
| 04 | Notification to the implementing partners | UN country team / UNDG Ex-Com agencies | Implementing partners that are due for an audit according to the established audit schedule should be notified in writing in due time, provided with the dates of the audit, and requested to prepare all necessary documentation to be ready for the auditors. It is also recommended that each implementing partner be requested to provide the name of the key contact personnel who will act as focal point for the audit process, in order to facilitate the contact with the auditors. |
| 05 | Audit of the implementing partner | Audit firm | |
| 06 | Draft audit report submitted to the implementing partner and UN country team/UNDG Ex-Com agencies. | Audit firm | The audit firm provides a draft audit report to confirm whether all comments and recommendations are correct, or whether there is any issue that can be clarified. |
| 07 | Comments provided by implementing partner and, if applicable, by UN country team/UNDG Ex-Com agencies. | IP and UN country team / UNDG Ex-Com agencies | To check whether any issue raised by the auditors can be explained / clarified and comments amended in the final report. |
| 08 | Final audit report submitted | Audit firm | Report is submitted to UN country team/UNDG Ex-Com agencies. |
| 09 | Audit report is sent to OAI | UNDP country office | Submit the audit report(s) no later than three months after the starting date of the audit that is stated in the audit schedule. |
| 09 | Follow-up actions on recommendations made by the auditors. | UN country team / UNDG Ex-Com agencies | UN country team/Ex-Com agencies follows-up on the implementation of audit recommendations by the implementing partner. |

Inputs

- List of selected projects to be audited;
- Terms of reference for the external audit of NIM projects;
- For non-HACT country offices, clearance from OAI of the list of projects to be audited;
- Previous audit reports for the same project to be audited;
- Combined Delivery Report (CDR) signed by the implementing partner as well as the statement of assets and the statement of cash;
- Supporting documentation for processes and transactions made available.

Deliverables

- Final Audit Reports taking into account relevant comments and clarifications.
- Recommendations of the auditors implemented in the project (or “by the IP” for HACT-compliant cases).

Roles and Responsibilities

See Procedures tables above.

Templates and Forms

Refer to [OAI Intranet site](#).

Additional Information

It is advisable to prepare a checklist of the projects to be audited, indicating the control points, deadlines, reports to be received and reviewed, and reports that have to be sent to OAI. This checklist will help to monitor the progress of the audit firm in all the projects, and facilitate the meeting of the established deadlines.

Lessons

It is good practice to request the audit firm to conduct an informal survey among the counterparts in the projects that are being audited, in order that they can comment on the support UNDP is giving to the project and the implementing partner (Government or non-governmental organization). In this way the country office can identify its own weaknesses and take corrective actions. At the same time, good performance of the UNDP country office and the staff members involved can be recognized.

EVALUATION

Description

Evaluation provides decision makers and partners with an objective assessment of UNDP's contribution to development results. Evaluation is a judgment made of the relevance, appropriateness, effectiveness, efficiency, impact and sustainability of development efforts based on agreed criteria and benchmarks. It involves a rigorous, systematic and objective process in the design, analysis and interpretation of information to answer specific questions. Evaluation is distinct from monitoring, reviews, audit, investigation, and research.

Evaluation addresses what works and why, as well as what does not work and unintended outcomes. The information from evaluation supports accountability, informs decision-making and allows UNDP with national counterparts to better manage for development results. Evaluation also improves learning and knowledge for development among UNDP and its partners. Engagement of all key stakeholders will present opportunities for enhancing national capacity for evaluation. It will also enhance the use of evaluation, resulting in the effective implementation of evaluation recommendations and lessons learning and knowledge sharing from evaluation.

Evaluations in UNDP

The evaluations conducted by UNDP fall into two categories: independent evaluations conducted by the UNDP Evaluation Office (EO), and decentralized evaluations managed by country offices, regional bureaux and central bureaux and offices (BDP, BCPR, PB), and conducted by independent external experts. Together they represent a coherent system of evaluation that provides the necessary coverage to manage for results and to support organizational accountability. UNDP is also increasingly open to participation in other forms of decentralised evaluations, including joint evaluations with UN agencies on UNDAF outcomes and government-led evaluations of sectors to which UNDP contributes.

Independent Evaluations

The Evaluation Office is mandated to conduct evaluations for corporate accountability, strategic planning, and the development of information for global knowledge use. Key types of independent evaluations include thematic evaluations, evaluations of global, regional, south-south, thematic and country programmes, known as the Assessments of Development Results. In conducting independent evaluations, particularly country-level programme evaluations, the Evaluation Office ensures national ownership of these evaluations through meaningful engagement of key national partners in the evaluation process.

Decentralized Evaluations

UNDP country offices, regional bureaux, and central bureaux and offices commission decentralized evaluations in the programmatic frameworks for which they are responsible. Key types of decentralized evaluations include: outcome evaluations that assess progress towards the attainment of development outcomes and project evaluations that assess the performance of a project and its contribution at the outcome level. These evaluations can be carried out early, mid-point or later in the programming cycle and with other partners as joint evaluations

(e.g. UNDAF joint evaluation). Regardless of the type and modality of evaluation, UNDP's contribution at the outcome level should be evaluated in a clear manner to ensure that the evaluation meets UNDP's accountability needs and requirements. In conducting independent evaluations, the Evaluation Office uses decentralized evaluations (see below) of programmes and projects (including NIM projects) managed by UNDP as important information source

For the purpose of the NIM manual, guidance provided below will focus on information relevant to NIM projects in the framework of the country programme.

Relevant Policies

Evaluation Policy

Evaluation in UNDP is guided by the Executive Board approved [Evaluation Policy](#) (2006)²⁰. The policy establishes the guiding principles and norms; explains key evaluation concepts; outlines the main organizational roles and responsibilities; defines the types of evaluation covered; and identifies the key elements of a system for learning and knowledge management. It also highlights the capacity and resource requirements to enhance excellence in the development of an evaluation culture and a learning organization. The policy applies to all projects (including NIM projects) and programmes managed by UNDP.

Guiding Principles

National Ownership: Evaluation should be guided by national priorities and concerns. It should be inclusive and should be conducted in alignment with national systems. It should take into account diverse national interests and values. Evaluation should strengthen partnerships with Government and key stakeholders. It should build the capacity of national institutions to implement, monitor and evaluate.

Stakeholder participation throughout the evaluation process is critical for the ownership and use of evaluation. Particularly, in the NIM projects where initiatives are led and managed by national counterparts, IPs and other relevant partners need to own and take active part in the evaluation planning, implementation and follow up. (See the Handbook on Planning, Monitoring and Evaluating for Results on page 93 and pages 125-146, in particular box 32 on "National ownership of evaluation").

Managing for Results: Evaluation supports UNDP and its partners in managing for results by assessing the extent to which processes, products and services contribute effectively to development results affecting people's lives. Evaluation highlights the need for quality in the design of programmes so that results are clear, measurable and can be monitored and evaluated. Through the generation of evidence, evaluation enables more informed management practice and decision-making for strategic planning and programming.

²⁰ Following the independent review of the evaluation policy (2010), the evaluation policy is being revised to reflect key elements of the management response to the review and the Executive Board decisions. When the revised policy is approved by the Executive Board in January 2011, guidance in the NIM manual, POPP and the Handbook on Planning, Monitoring and Evaluating for Development Results will be updated accordingly. Guidance provided in this NIM manual pertaining to evaluation is in line with the revised policy (e.g. new compliance basis), but should be treated as an interim guide.

Human Development and Human Rights: Evaluation is guided by the people-centred approach of UNDP to development, which enhances capabilities, choices and rights for all men and women. Evaluation abides by universally-shared values of equity, justice, gender equality and respect for diversity.

United Nations System Coordination and Global Partnership: Evaluation draws on and contributes to collaboration within the United Nations (UN) system to improve effectiveness and reduce transaction costs for development cooperation. UNDP advocates strengthened professional collaboration under the aegis of the UN Evaluation Group and country-level coordination in evaluation under the Resident Coordinator system. With the increasing engagement of UNDP in global initiatives and partnership programmes with other donors, non-Governmental organizations and civil society, the conduct of joint evaluations enhances global partnership.

Mandatory Decentralized Evaluations and Compliance

Country offices are required to prepare, in close consultation with national partners, a costed evaluation plan, which is attached to their respective Country Programme Document. The plan should be fully budgeted at the time of CPAP formulation. The full implementation of the evaluation plan is the basis for evaluation compliance for country offices²¹. In other words, all evaluations that have been identified in the evaluation plan become mandatory.

A comprehensive and strategic evaluation plan should include an appropriate mix of outcome-level, project and thematic evaluations, including joint evaluations. Evaluations, when required by a cost-sharing agreement or partnership protocol (e.g. GEF), are mandatory and should be in the plan. If a NIM project evaluation is agreed upon, it should be part of the evaluation plan, and be costed and budgeted. For accountability and learning purposes, programme units are strongly encouraged to commission evaluations of:

- Pilot projects before replication or scaling up;
- Projects that are going into a next phase;
- Projects over five years.

Whenever possible, opportunities to align UNDP evaluations with existing national evaluation systems and to use national evaluation capacities should be explored. For example, if the national government is planning an evaluation of a large programme in a given sector to which UNDP contributes, the evaluation may be managed by a national partner or jointly managed between UNDP and the government. In such instance, UNDP needs to make sure that UNDP's specific contribution is evaluated in a credible manner, in order to meet the organization's accountability and learning objectives.

Evaluation plans are reviewed as part of the annual programme review process to ensure relevance of the planned evaluations. With the advance clearance by the Regional Bureau, the evaluation plans for country offices with the government's approval can be amended for

²¹ The compliance base for decentralized evaluations has been changed from the planned outcome evaluations to the full evaluation plan in the revised evaluation policy (to be approved by the Executive Board in 2011).

compelling reasons. The evaluation plans are entered and monitored in UNDP's publicly accessible [Evaluation Resource Centre](#) (ERC).

Use of Evaluation

In accordance with the UNDP disclosure policy, all evaluations are made available in the ERC.

All evaluations, regardless of funding source or evaluation type, require a [management response](#). Country offices should ensure that relevant national partners, including relevant IPs who have stake in the evaluation, are sufficiently consulted in the preparation of the management responses that outline timelines and roles and responsibilities for follow-up actions.

Procedures

| Step | Responsible | Task | Atlas Action | Notes (Time Frame) |
|------|---|---|--------------|--|
| 01 | Country Office together with national partners | Develops a costed evaluation, which includes an appropriate mix of different types of evaluations. | | UNDAF and CPD formulation and approval |
| 02 | Relevant regional bureau | Ensure the appropriate coverage and quality of the evaluation plan prepared by the country office. Submit the evaluation plan along with the CPD for approval by the Executive Board. | | CPAP formulation |
| 03 | Country Office together with relevant partners (particularly for joint evaluations) Regional bureau exercise oversight | Implement the evaluation plan, annexed to the Country Programme Document, by commissioning planned evaluations to independent external evaluators throughout the programme cycle. Review the evaluation plan as part of annual programme review and revise it in case of compelling reasons. Prepare management response to all evaluations, implement follow up actions. Regularly update the status of implementation in the ERC. Monitor in the ERC. | | Throughout the programming cycle |
| 04 | Country office together with national partners | Draw lessons from evaluations, share knowledge and use in programme and project improvement and knowledge management. | | |

Roles and Responsibilities

The senior management of country offices:

- ensures the evaluability of programmes by identifying clear results, developing measurable indicators, and establishing performance targets and baseline information;
- in collaboration with stakeholders and partners, ensures the effective monitoring of implementation and performance of programmes to generate relevant, timely information for management for results and evaluation;

- With partner governments and key stakeholders, develops a costed evaluation plan attached to programme documents. In the case of country offices budgets the plan no later than at the time of adoption of the country programme action plan. Periodically reviews and updates the plan to ensure its relevance to national priorities;
- establishes an appropriate institutional arrangement to manage evaluation, both at the programme and project levels;
- ensures adequate resources for evaluation;
- safeguards the independence of the evaluation process and product;
- ensures the implementation of the evaluation plan in line with established quality standards, including the UNEG Norms and Standards, Code of Conduct, Ethical Guidelines and UNDP evaluation guidance;
- advocates country-led and joint evaluations to promote national ownership and leadership of evaluation while ensuring the independence, quality and utility of evaluation , as well as accountability for UNDP's contribution to results;
- makes all necessary information available to the evaluation team;
- promotes joint evaluation work with the United Nations system and other partners, while ensuring accountability for UNDP's specific contributions to development results;
- prepares in consultation with national partners management responses to all evaluations, and ensure and track appropriate, timely implementation of the agreed evaluation recommendations;
- draws on evaluation findings to improve the quality of programmes, guide strategic decision-making on future programming and positioning, and share knowledge on development experience;
- ensures the transparency of and public access to all evaluation reports.; and
- promotes organizational learning through analysis and application of evaluation findings across regions, themes and results areas, together with headquarters bureaux within the corporate knowledge management framework..

Stakeholders and partners **should** actively participate in the development of the evaluation plan of UNDP. Relevant IPs participate, as relevant, in evaluations as a member of the reference group to provide substantive feedback in the development of the evaluation TOR, selection of evaluators, review of draft evaluation report and design and follow-up to management response.

Directors of regional bureaux, ensure evaluability of country programmes, quality of evaluation plans and evaluation practices by country offices and the full implementation of costed evaluation plans; support and guide country office capacity in evaluation, including establishing regional expertise and regional evaluation support systems; review and clear revisions of evaluation plans attached to country programmes; and ensure effective use of evaluations for oversight.

Additional Information

- [UNDP Evaluation Office webpage](#)
- [UNDP Evaluation Policy \(2006\)](#)
- [UNDP Evaluation Policy, pending approval by the Executive Board in January 2011](#)
- [Handbook on Planning, Monitoring and Evaluating for Development Results](#)
- [Outcome Evaluation Guidelines](#)
- [GEF Guidelines on Monitoring and Evaluation](#)
- [Evaluation Resource Centre](#)
- [EvalNet](#) – EvalNet is a knowledge practice network, managed by the Evaluation Office, which aims to promote sharing of experiences, lessons and good practices in evaluation among its members. It has a number of products; including bi-monthly resource packages, consolidated replies and e-discussions. The network is open to external evaluation practitioners on invitation basis.
- [Vetted expert roster](#) – Evaluation Office manages a roster of vetted evaluation experts.
- [ADR Guidelines](#)
- [United Nations Evaluation Group \(UNEG\) webpage](#)
- [UN Evaluation Group Norms and Standards for Evaluation](#)
- [UNEG Code of Conduct for Evaluators](#)
- [UNEG Ethical Guidelines for Evaluators](#)

ANNEX 1: LEGAL FRAMEWORK

| Legal Framework | Contents |
|---------------------------------|--|
| GA Resolution | GA resolution A/RES/47/199 (22 December 1992) – national execution should be the norm for programmes and projects supported by the UN System General Assembly resolution A/RES/56/201 (TCPR 2003) General Assembly resolution A/RES/62/2008 (TCPR 2007) |
| EB Decision | Governing Council decision 93/25 (17 June 1993) welcomed the increased use of NEX in UNDP-assisted programmes and projects in pursuance of GA resolution 47/199 Decision DP/2005/1 of 28 January 2005 of UNDP's Executive Board – Approval of the new Financial Regulations and Rules |
| Financial Regulations and Rules | <p>Regulation 27.02:</p> <p>Execution – shall mean:</p> <ul style="list-style-type: none"> a) For UNDP programme activities not carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, assuming the overall management of specific UNDP programme activities and the acceptance of accountability to the Administrator for the effective use of UNDP resources; b) For UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, assuming the overall ownership over and responsibility for specific UNDP programme activities and the acceptance of accountability for results; <p>Implementation – shall mean:</p> <ul style="list-style-type: none"> a) For UNDP programme activities not carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the procurement and delivery of UNDP programme activity inputs and their use in producing outputs. b) For UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the management and delivery of programme activities to achieve specified results including the procurement and delivery of UNDP programme activity inputs and their use in producing outputs, as set forth in a signed document between UNDP and the implementing partner; <p>National execution - the overall management of UNDP programme activities in a specific programme country carried out by an eligible national entity of that country;</p> <p>Selection of national executing entity/ implementing partner</p> <p>Regulation 17.02: For UNDP programme activities not carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201: National execution shall be the norm for UNDP programme activities, taking into account the capacities of programme countries and the nature of UNDP programme activities.</p> <p>Regulation 17.03: For UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201:</p> <p style="padding-left: 40px;">Programme country Governments shall normally serve as executing entity over UNDP programme activities, except where UNDP fulfils such a role in accordance with Regulation 17.02(c).</p> <p>Subject to conditions established by the UNDP Executive Board, consideration shall be given to the selection of Government entities, organizations of the United Nations system, and the United Nations Office for Project Services, as well as inter-governmental and non-governmental organizations and UNDP itself, as implementing partners for specific programme activities.</p> |

| Legal Framework | Contents |
|-------------------------------------|---|
| | <p>Regulations and rules applying under national execution and national implementation by government</p> <p>Regulation 16.05: The administration by executing entities or, under the harmonized operational modalities, implementing partners, of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an executing entity or, under the harmonized operational modalities, implementing partner, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition that of UNDP shall apply.</p> <p>Support services to national implementation by government</p> <p>Regulation 15.01: The Administrator is authorized to provide a range of support services consistent with the policies, aims and activities of UNDP, to the following:</p> <ul style="list-style-type: none"> • Activities financed by organizations within the United Nations system; • National execution and execution by other entities and to the implementation of UNDP programme activities, within the parameters established by the Executive Board. <p>Regulation 15.03: The Administrator is authorized to make adequate arrangements with the programme country Government, executing entity or, under the harmonized operational modalities established in response to General Assembly resolution 56/201, implementing partner, for reimbursement of costs incurred by UNDP for support services it provides.</p> |
| Standard Basic Assistance Agreement | <p>Article I - Scope of this Agreement This Agreement embodies the basic conditions under which the UNDP and its Executing Agencies shall assist the Government in carrying out its development projects, and under which such UNDP-assisted projects shall be executed. It shall apply to all such UNDP assistance and to such project documents or other instruments (hereinafter called project documents) as the Parties may conclude to define the particulars of such assistance and the respective responsibilities of the Parties and the Executing Agency hereunder in more detail in regard to such projects.</p> <p>Article III - Execution of Projects The <u>Government shall remain responsible for its UNDP-assisted development projects</u> and the realization of their objectives as described in the relevant project documents, and shall carry out such parts of such projects as may be stipulated in the provisions of this Agreement and such project documents. The <u>UNDP undertakes to complement and supplement the Government's participation</u> in such projects through assistance to the Government in pursuance of this Agreement and the Work Plan forming part of such project documents, and through assistance to the Government in fulfilling its intent with respect to investment follow-up. The Government shall inform UNDP of the <u>Government Co-operating Agency directly responsible for the Government's participation in each UNDP-assisted project</u>. Without prejudice to the Government's overall responsibility for its projects, the Parties may agree that an <u>Executing Agency shall assume primary responsibility for execution of a project</u> in consultation and agreement with the Co-operating Agency, and any arrangements to this effect shall be stipulated in the project Work Plan forming part of the project document together with arrangements, if any, for transfer of such responsibility, in the course of project execution, to the Government or to an entity designated by the Government.</p> |
| CPAP | <p>Standard Text for UNDP CPAP:</p> <p>1.1 WHEREAS the Government of _____ (hereinafter referred to as "the Government") and the United Nations Development Programme (hereinafter referred to as UNDP) have entered into a basic agreement to govern UNDP's assistance to the country (Standard Basic Assistance Agreement (SBAA) [or other agreement depending on country], which was signed by both parties on _____ (date). Based on</p> |

| Legal Framework | Contents |
|-----------------|--|
| | Article I, paragraph 2 of the SBAA, UNDP's assistance to the Government shall be made available to the Government and shall be furnished and received in accordance with the relevant and applicable resolutions and decisions of the competent UNDP organs, and subject to the availability of the necessary funds to the UNDP. In particular, decision 2005/1 of 28 January 2005 of UNDP's Executive Board approved the new Financial Regulations and Rules and along with them the new definitions of 'execution' and 'implementation' enabling UNDP to fully implement the new Common Country Programming Procedures resulting from the undg simplification and harmonization initiative. In light of this decision this CPAP together with an AWP (which shall form part of this CPAP, and is incorporated herein by reference) concluded hereunder constitute together a project document as referred to in the SBAA [or other appropriate governing agreement]. |
| AWP | As above |

ANNEX 2: PRINCIPLES FOR SELECTING MODALITIES OTHER THAN NATIONAL IMPLEMENTATION BY GOVERNMENTS

UN Agency implementation

A UN agency will be an appropriate implementing partner when:

- A UN agency has technical expertise that is critical to project success.
- The relevant substantive national agency is unwilling or unable to undertake project implementation.
- A regional project has no institutional counterpart at the regional level.

NGO implementation

A non-government organization (national or international) will be an appropriate implementing partner when:

- The project substance deals with a subject where an NGO may have experience, expertise and comparative advantage, including inter alia, micro-credit, disaster relief and rehabilitation, advocacy, HIV and AIDS, rural water supply, and working with poor and disadvantaged groups;
- The project requires extensive use of participatory methodologies and/or facilitation of dialogue between Government and civil society;
- Government agencies are unable or unwilling to effectively carry out project activities;
- The NGO has adequate capacity and is committed to carrying out the project as determined by a capacity assessment.

Direct Implementation by UNDP

Direct Implementation by UNDP will be appropriate when:

- The host Government requests UNDP to directly implement project activities;
- Project implementation requires speedy delivery and decision-making, such as in crisis situations;
- National authorities are unable to function or their capacity has been severely reduced, such as in cases of natural disasters or conflict;
- Project implementation would add an administrative burden to Government and other implementation options would be inefficient in such cases as projects with small delivery, one-output projects, projects in support of the resident coordinator system;
- The relevant Regional Bureau has determined that the concerned country office has adequate capacity to carry out the project.

Implementation by an inter-governmental organization

A non-UN inter-governmental organization must have signed an implementing partner agreement with UNDP to be eligible to implement a UNDP funded project, and will be an appropriate implementing partner when:

- The project is part of a UNDP regional programme.
- The inter-governmental organization is directly concerned with the project's activities and results.
- The inter-governmental organization is intended to sustain project results.
- The inter-governmental organization has specialized experience and expertise in the substantive area of the project.
- The inter-governmental organization has adequate capacity and is committed to carrying out the project as determined by a capacity assessment.
- National Government agencies are unable or unwilling to effectively carry out project activities.

ANNEX 3: NON-GOVERNMENTAL ORGANIZATION IMPLEMENTATION

Description

A non-governmental organization (NGO) is defined as a non-profit organization, group or institution that operates independently from a Government and has humanitarian or development objectives. If a NGO is designated to implement a UNDP project, the NGO must have the legal status to operate in accordance with the laws governing NGOs in the programme country. For each project, UNDP signs a standard Project Cooperation Agreement with the designated NGO, and this serves as the basic legal agreement between UNDP and the NGO.

When NGOs are designated as implementing partner for UNDP activities, management responsibility for the entire project including achieving the project outputs lies with the NGO. This arrangement is particularly useful if one NGO can provide the bulk of projects inputs or can undertake the project activities, and has the necessary administrative and accounting capacity to manage the project, and track and report expenditures.

The advantage of this type of arrangement is that the NGO has full control over project operations, and can use its own supply channels for recruitment and procurement, provided that the process does not contravene the principles of the Financial Regulations and Rules of UNDP and are based on “best value for money”. NGOs offer the opportunity to enhance the dialogue between the Government and the civil society organizations (CSO) community.

The country office must assess the capacity of the NGO to carry out the project. The project document must specify any exceptional support measures required for the NGO to meet UNDP requirements for managing projects.

Normally, the parties use a competitive process to select an NGO to manage a project. Since the designation of an NGO as implementing partner is not a procurement action, the local Project Appraisal Committee (LPAC) reviews the proposal to designate the NGO and verifies its competitiveness.

The designated NGO generally carries out the project activities directly, but if necessary it may also contract other entities, including other NGOs, to undertake specific activities. This is done through a competitive process in accordance with the description of management arrangement in the project document as reviewed by the project appraisal committee.

Procedures

The most common financial procedure in NGO Implementation is to apply the Direct Cash Transfer (advances) modality. The amount an NGO can receive as implementing partner is limited by its management capacity, as assessed by the PAC. The NGO receives the funds through advances, based on its financial reporting. In the Project Cooperation Agreement, it must be stated the amount of the first advance the NGO will receive. After the first instalment, the second and subsequent instalments will be advanced to the NGO quarterly, after a financial report and other agreed documentation for the activities completed have been submitted to and accepted by UNDP as showing satisfactory management and use of UNDP resources.

All NGO-managed projects must be audited periodically.

Financial Procedures for NGO Implementation are similar to the ones applied for national implementation. Therefore refer to the NIM sections above for detailed procedures.

ANNEX 4: IMPLEMENTING PARTNER CHECKLIST

Selection Principles. The process of selection of an implementing partner helps UNDP and the Government to identify areas for capacity development. It should ensure the following:

- The maximum possible number of appropriate organizations have been considered so that they can be objectively compared;
- There is an impartial and objective evaluation of prospective candidates; and
- The candidate implementing partner has the minimum technical, financial, managerial, administrative capabilities needed to produce the project outputs.

Purpose. This capacity assessment checklist is intended to be used as a screening tool for the preliminary selection of the best candidate for implementing partner from among several potential partners. The checklist should be used to quickly assess each proposed candidate's appropriateness and capacity to implement a proposed project. The checklist is also designed to determine the applicable financial rules and procedures, in accordance with UNDP Financial Regulation 16.05, in the event that the candidate organization is selected to be the implementing partner. Regulation 16.05 states:

- (a) The administration by... implementing partners of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP.
- (b) Where the financial governance of an implementing partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition that of UNDP shall apply.

The checklist, therefore, will also assess the principles underlying the candidate organization's financial rules and regulations.

Methodology. Potential implementing partners should have been identified during the country programme action plan (CPAP) preparation or during the process "[Justifying a Project](#)". The methodology for conducting this assessment should include interviews with key personnel of the candidate organizations and desk study of relevant documents. Suggested documents and information sources are listed on the checklist. The assessment checklist reviews capacities in four functional areas: 1) project management; 2) technical skills and resources; 3) financial management; and 4) administrative capacities particularly in the areas of procurement and recruitment. Note: If the organization has been recently assessed, formulators may rely on those findings in lieu of a new assessment, provided those findings remain valid and relevant to the proposed project.

Who Carries Out the Assessment? The concerned country office programme manager and the project developers are responsible for carrying out this capacity assessment.

Assessment Report. The assessors will prepare a report of findings and recommendations in regard to the selection of the candidate organization including a recommendation in regard to

whose financial procedures will apply if the candidate organization is selected as the implementing partner.

Use of Findings. The findings of the assessment are project-specific and should not be used to support a conclusion about capacity to implement any other project. UNDP, in consultation with Government, will determine the preliminary selection of the implementing partner based on checklist assessments of candidate organizations. The checklist includes 20 key questions highlighted in red that are essential in assessing the capacity of the implementing partner. The final decision on selection of the implementing partner will be included in the recommendations of the local Project Appraisal Committee to the resident representative on the entire project. UNDP's approval of the project includes final approval of the implementing partner and related arrangements such as support services by UNDP and specific capacity development support.

Follow-up Assessments. After the preliminary selection of the implementing partner, the country office will carry out additional assessments, as needed or required, of functional capacities to identify specific problem areas to be addressed by risk mitigation methods.

| AREAS FOR ASSESSMENT | ASSESSMENT QUESTIONS | REFERENCE DOCUMENTS AND INFORMATION SOURCES |
|---|---|---|
| PART I. BACKGROUND INFORMATION | | |
| 1. History | Date of establishment of the organization | Annual reports, media kit, website |
| 2. Mandate and constituency | What is the current mandate or purpose of the organization? Who is the organization's primary constituency? | Annual reports, Media Kit, Website |
| 3. Legal status | What is the organization's legal status? Has it met the legal requirements for operation in the programme country? | Charter, legal registration |
| 4. Funding | What is the organization's main source (s) of funds? | Annual reports |
| 5. Certification | Is the organization certified in accordance with any international standards or certification procedure? | ISO, project management standard, other standards |
| 6. Proscribed organizations | Is the organization listed in any UN reference list of proscribed organizations? | http://www.un.org/sc/committees/1267/consolists.shtml |
| PART II. PROJECT MANAGEMENT CAPACITY | | |
| 2.1 Managerial Capacity | | |
| 1. Leadership Commitment | Are leaders of the organization ready and willing to implement the proposed project? | Interviews |
| 2. Management experience and qualifications | Which managers in the organization would be assigned to work on the proposed project? What are their credentials and experience that relate to the proposed project? Do these managers have experience implementing UNDP or other donor-funded projects? | CVs of managers Interviews with managers Reports of past projects |
| 3. Planning and budgeting | Does the organization apply a results-based management methodology? Are there measurable outputs or deliverables in the strategies, programmes and work plans? Are budgets commensurate with intended results? How do planners identify and accommodate risks? | Strategy documents Project and programme documents Sample proposals, work plans and budgets |
| 4. Supervision, review, and | How do managers supervise the implementation of work plans? How do they measure progress against | Annual reports, presentation to stakeholders Internal reports |

| AREAS FOR ASSESSMENT | ASSESSMENT QUESTIONS | REFERENCE DOCUMENTS AND INFORMATION SOURCES |
|--|--|--|
| reporting | <p>targets?</p> <p>How does the organization document its performance, e.g., in annual or periodic reports? How are the organization's plans and achievements presented to stakeholders?</p> <p>Does the organization hold regular programme or project review meetings? Are such meetings open to all stakeholders?</p> <p>Are the organization's activities subject to external evaluation? How does the organization learn and adapt from its experience?</p> | <p>Evaluation reports</p> <p>Lessons-learned reports</p> |
| 5. Networking | <p>What other organizations are critical for the successful functioning of this organization? How does the organization conduct relations with these organizations? Is the organization a party to knowledge networks, coordinating bodies, and other fora?</p> | <p>Descriptions of network and stakeholder fora</p> |
| 2.2 Technical Capacity | | |
| 1. Technical knowledge and skills | <p>Do the skills and experience of the organization's technical professionals match those required for the project? Would these professionals be available to the project?</p> <p>Does the organization have the necessary technical infrastructure (e.g., laboratories, equipment, software, technical data bases, etc.) to support the implementation of the project?</p> <p>How do staff members of the organization keep informed about the latest techniques and trends in their areas of expertise?</p> <p>What external technical contacts and networks does the organization utilize?</p> <p>What professional associations does the organization and/or its professional staff belong to?</p> | <p>CVs of technical staff</p> <p>Knowledge network membership</p> <p>Technical library facilities</p> <p>Reports from participation in international, regional, national or local meetings and conferences</p> <p>Facilities description</p> |
| PART III. ADMINISTRATIVE AND FINANCIAL MANAGEMENT CAPACITIES | | |
| 3.1 Administrative capacity. Note: Answer only questions that are relevant to the proposed project. | | |
| 1. Facilities, infrastructure and equipment | <p>Does the organization possess sufficient administrative facilities, infrastructure, equipment and budget to carry out its activities, particularly in relation to the requirements of the project?</p> <p>Can the organization manage and maintain the administrative and technical equipment and infrastructure?</p> | <p>Facilities and equipment available for project requirements</p> <p>Maintenance personnel and budget</p> |
| 2. Recruitment and personnel management | <p>Does the organization have the legal authority to enter into employment contracts with individuals?</p> <p>If not, what is the relationship of the organization with third parties in entering into employment contracts with individuals in terms of employee – employer relationship, payment of salaries, administration of entitlements, settlement of disputes and liabilities?</p> <p>Does the organization have dedicated personnel capacity? Do recruitment personnel have skills and experience that are appropriate to the requirements of the project? Does the organization have written recruitment procedures?</p> <p>Is there evidence that the organization conducts</p> | <p>Personnel manual</p> <p>Standard contracts and agreements</p> <p>Agreements with third parties</p> <p>Job descriptions or terms of reference</p> <p>Documentation of recruitment processes</p> <p>Roster files of potential job candidates</p> <p>CVs of recruitment personnel</p> <p>Salary scale conditions or provisions</p> |

| AREAS FOR ASSESSMENT | ASSESSMENT QUESTIONS | REFERENCE DOCUMENTS AND INFORMATION SOURCES |
|--|--|--|
| | <p>recruitment objectively on the basis of competition, fairness, and transparency?</p> <p>Does the organization have a salary scale that would apply to project personnel? Would that scale inhibit the hiring of the best candidates?</p> <p>If the organization has a salary scale, how often is this salary scale revised and what would be the likely impact of these raises to the project costs?</p> <p>Does the organization have established rules to deal with dispute cases effectively?</p> <p>What is the staff well-being policy of the organization, in particular dealing with discrimination, grievances, harassment and abuse cases?</p> <p>In case of dispute cases with its staff working in projects does the organization undertake full responsibility to investigate and settle such cases without infringement to UNDP?</p> <p>Is the leave policy of the organization compatible with UNDP's leave policies and is this policy likely to impede project implementation activities?</p> <p>Does the organization have personnel policies regarding death and disability?</p> <p>Does the organization have personnel policies on health insurance and pension arrangements?</p> | |
| 3. Procurement and contracting | <p>Does the organization have the legal authority to enter into contracts and agreements with other organizations? Does the organization have access to legal counsel to ensure that contracts are enforceable, meet performance standards, and protect the interests of the organization and UNDP?</p> <p>Does the organization have dedicated procurement capacity? Do procurement personnel have skills and experience that are appropriate to the requirements of the project? Does the organization have written procurement procedures? Number of staff involved in procurement?</p> <p>Is there evidence that the organization conducts procurement on the basis of best value for money, transparency, and effective international competition? Number of procurement actions and their value in the past year?</p> <p>Is there a procurement plan for either the current, or next year?</p> | <p>Procurement manual</p> <p>Standard contracts</p> <p>Documentation on procurement processes, sample contracts</p> <p>Supplier data base</p> <p>Audit reports</p> <p>Interview with legal counsel</p> <p>CVs of procurement personnel</p> |
| 3.2 Financial Management Capacity | | |
| 1. Financial management organization and personnel | <p>Does the organization have written rules and regulations for financial management that are consistent with international standards? Does the organization have a dedicated finance unit?</p> <p>Do finance managers and personnel have skills and experience that are appropriate to the requirements of the project? Is the existing financial management capacity adequate to meets the additional requirements of the project?</p> <p>Do finance personnel have experience managing donor resources?</p> | <p>CVs of financial personnel</p> <p>A bank account or bank statements</p> <p>Interviews with financial management staff</p> <p>Finance manual</p> <p>Financial sector review report</p> |
| 2. Financial | Does the organization have a sustainable financial | Financial statements |

| AREAS FOR ASSESSMENT | ASSESSMENT QUESTIONS | REFERENCE DOCUMENTS AND INFORMATION SOURCES |
|---------------------------------------|---|--|
| position | position? What is the maximum amount of money the organization has ever managed? If the proposed project is implemented by this organization, what percentage of the organization's total funding would the project comprise? | |
| 3. Internal control | Does the organization maintain a bank account? Does the organization have written rules and procedures on segregation of duties for receipt, handling and custody of funds? How does the organization ensure physical security of advances, cash and records? Does the organization have clear written procedures and internal controls governing payments? How does the organization ensure that expenditures conform to their intended uses? Does the organization have a policy requiring two signatures for payments over a defined limit? Is there any evidence of non-compliance with financial rules and procedures? | Finance manual Financial rules and regulations Audit reports. |
| 4. Accounting and financial reporting | Are accounts established and maintained in accordance with national standards or requirements? When and to whom does the organization provide its financial statements? Can the organization track and report separately on the receipt and use of funds from individual donor organizations? Is there any evidence of deficiencies in accounting or financial reporting? Does the organization have a system and procedures for asset management and inventory control? | Description of accounting system and reporting arrangements Financial reports Audit reports. |
| 5. Audit | Is the organization subject regularly to external audit? Is audit conducted in accordance with international audit standards? Are audit findings public? If so, have the organization's financial audits produced any significant recommendations for strengthening of financial systems and procedures? Have audits identified instances of non-compliance with rules and procedures or misuse of financial resources? What has been done to carry out audit recommendations? | Audit reports Audit follow-up reports |

ANNEX 5: FRAMEWORK FOR USING IMPLEMENTING PARTNER'S PROCUREMENT SYSTEM

[See link.](#)

ANNEX 6: MODEL SERVICE CONTRACT

Service Contract

IMPORTANT: The following model contract shall be customized, as appropriate, to comply with national legislation.

MEMORANDUM OF CONTRACT MADE (DD/MM/YYYY) __/__/200__, between the Government of [country] (1, Executing Agency/2, Implementing Partner) (hereinafter referred to as "the Government") and [name] (hereinafter referred to as "the Subscriber") whose address is: in the framework of the Project .../.../ according to the provisions of the Project Document .../.../... and the Standard Basic Assistance Agreement dated [date] between the Government of [country] and the United Nations Development Programme (hereinafter referred to as UNDP).

NOW, therefore, the Government and the Subscriber (hereinafter collectively the "Parties") agree as follows:

1. DURATION OF CONTRACT

This Contract will come into effect on (DD/MM/YYYY) __/__/200__, and expire on (DD/MM/YYYY) __/__/200__, subject to the provisions in paragraph 9 below. This Contract carries no expectation of renewal.

2. TERMS OF REFERENCE

The Subscriber agrees to the terms of reference as set forth in Annex "A" to this Contract, and shall report to the Project Manager identified in Annex A.

3. STATUS, RIGHTS AND OBLIGATIONS OF THE SUBSCRIBER

The Subscriber serves in a personal capacity. The Subscriber recognizes and accepts the fact that the rights and obligations of the Subscriber are strictly limited to the terms and conditions of this Contract. Accordingly, the Subscriber is not entitled to any benefit, payment, subsidy, compensation or pension from the Government, except as expressly provided in this Contract.

4. REMUNERATION

The Government Offices must select Option 1 or 2 depending on whether benefits are provided directly or cash in lieu thereof:

Option 1: Where the Government provides cash equivalent:

As full consideration for the services performed by the Subscriber under the terms of this Contract, the Government will pay the amount of [insert local currency amount] in accordance with the payment schedule identified in Annex A. The payment is all inclusive and includes the Government's contribution towards health insurance, maternity leave, disability, pension and any other social benefit, as further described in paragraph 6 below. No other remuneration, benefits, compensation or subsidy will be paid under this Contract, except that in the case of official travel, daily subsistence allowance will be paid to the Subscriber by the Government on the basis of rates established for this purpose.

Option 2: Where the Government provides health or old age benefits directly:

As full consideration for the services performed by the Subscriber under the terms of this Contract, the Government will pay the amount of [insert local currency amount] in accordance with the payment schedule identified in Annex A. In addition to the payment, the Government also contributes towards health insurance, maternity leave, disability, pension and other social benefits, as expressly provided in Clause 6 below. No other remuneration, benefits, compensation or subsidy will be paid under this Contract, except that in the case of official travel, daily subsistence allowance will be paid to the Subscriber by the Government on the basis of rates established for this purpose.

5. ANNUAL LEAVE, SICK LEAVE, HOLIDAYS AND HOURS OF WORK

The relevant conditions are specified in Annex "B" of this Contract, attached hereto.

6. SOCIAL SECURITY

The Government Offices must select Option 1 or 2 depending on whether benefits are provided directly or cash in lieu thereof:

Option 1: Where the Government provides cash in lieu thereof:

As noted in paragraph 4 above, the Subscriber is solely responsible for acquiring medical insurance and pension coverage. The Government's obligations are limited solely to providing a net cash compensation included in the total remuneration

mentioned in paragraph 4 above, in lieu of direct contributions to health or pension schemes. The Subscriber confirms that he/she has acquired such insurance and shall maintain such insurance during the term of this Contract. The Subscriber shall provide evidence of such coverage, as a condition of this Contract, upon signature of this Contract and at any time during the term hereof, upon request of the Government. Failure to maintain such coverage may constitute a ground for termination of this Contract for cause.

Option 2: Where the Government provides health or pension benefits directly:

In addition to the payment in paragraph 4 above, the Government provides, medical insurance and pension coverage as follows:

- A. **Medical Insurance:** the Government provides coverage for the Subscriber and pays the full premium through [Van Breda or name local scheme]. The details of the coverage provided are available from the Responsible Officer in the Government Office.
- B. **Pension benefit:** the Government provides coverage for the subscriber and pays the full premium through the [name local private group scheme]. The details of the coverage provided are available from the Responsible Officer in the Government Office.

Further information is provided in the attached Conditions of Service, Annex B.

7. INCOME TAX

The Subscriber is solely responsible for all taxation or other assessments on all remuneration derived from the Government. The Government will not make any withholding from payments for the purposes of income tax. The Government is exempt from any liabilities regarding taxation and will not reimburse any such taxation to the Subscriber. The Government reserves the right to request proof of payment of taxes by the Subscriber.

8. COMPENSATION FOR INJURY, DISABILITY OR DEATH

In the event of injury, disability or death during the period of service which may be attributable to the performance of services under the terms of this Contract, the Subscriber is covered through [*"a global policy subscribed by the Government, in the name of the Government," or "a local policy subscribed by the Government in the name of the Government"*] and will be entitled to compensation only as set forth in the policy, which may be subject to change. Further information is provided in the attached Conditions of Service, Annex B of this Contract.

9. TERMINATION

Either party may terminate this Contract at any time, upon fourteen (14) calendar days written notice to the other party. In the event of notice of termination, the Subscriber shall take immediate steps to bring the services to a prompt and orderly conclusion, including return of the Government equipment and files, if any. In the event of termination, the obligations of the Parties will cease, except as otherwise expressly provided. In the event of termination by the Government, the Subscriber will only be entitled to reasonable compensation, equivalent to one week of gross salary for each unexpired month of the Contract or portion thereof, remaining after the date of termination, unless such termination is the result of the Subscriber's improper conduct or violation of any term of this Contract, in which case the Subscriber will not be entitled to either a period of notice or other compensation.

10. DESIGNATION OF BENEFICIARY

The Subscriber has designated (name) whose address is (address) as his/her beneficiary for all amounts outstanding to the Subscriber's credit under the terms of the Contract in the event of the Subscriber's death, to the extent that such amounts can legally be awarded to this person under the laws of the country.

11. TITLE RIGHTS

The title rights, copyrights and all other rights of whatsoever nature in any material produced under the provisions of this Contract will be vested exclusively in UNDP.

12. UNPUBLISHED AND CONFIDENTIAL INFORMATION

The Subscriber will not communicate to any person, government, or other entity external to the Government any unpublished or otherwise confidential information made known to the Subscriber by reason of performing his/her duties under the terms of this Contract, except as required by the assignment or upon authorization by the Government. This provision will survive the expiration or termination of the Contract.

13. DISCLOSURE

The Subscriber must disclose to the Government any business or professional employment or other activity in which s/he may be engaged prior to or at any time in the course of the present Contract. These activities may not be incompatible with the performance of services called for in this Contract nor represent a real or perceived conflict of interest. The Government shall make the final decision as to the compatibility of such activities with the services under this Contract.

14. STANDARDS OF CONDUCT

The Subscriber must conduct himself/herself at all times in accordance with the highest standards of conduct and may not engage in any activity that is incompatible with those purposes and principles or the discharge of his/her duties. He/she will avoid any action and in particular any kind of public pronouncement which may adversely reflect on that relationship, or on the integrity, independence and impartiality which is required by that relationship. The Subscriber will not accept any favour, gift or remuneration from any source external to the Government.

15. SETTLEMENT OF DISPUTES

Any claim or dispute between the Parties relating to the interpretation or execution of the present Contract, or the termination thereof, which cannot be settled amicably, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

16. PRIVILEGES AND IMMUNITIES OF UNDP

Nothing in this Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP, accorded to the United Nations pursuant to the Convention on the Privileges and Immunities of the United Nations or otherwise.

The Government Offices must select Option 1 or 2:

Where the Government will provide cash in lieu of health or pension benefits:

I have read and understood the details of this Contract and its annexes (Annex A – Terms of Reference and Annex B – Conditions of Service). I also understand that I am being paid cash money in lieu of coverage for my medical insurance and pension, and that I am liable to present the Government with proof that I am subscribed in full-time medical insurance and pension plans and failing to do so may be grounds for termination of this Contract.

Where the Government will provide health or pension benefits directly:

I have read and understood the details of this Contract and its annexes (Annex A – Terms of Reference and Annex B – Conditions of Service).

By: _____

By: _____

For the Government:

Subscriber's name:

Date: _____

Date: _____

[Annex A – Terms of Reference]

[Annex B – Conditions of Service]

The following is a summary outline of the main conditions of service under the Contract with the Government. This is provided as an overview. For further description of the rules governing the administration of these benefits, as well as of the duties, responsibilities and expected conduct of an individual engaged by the Government, the Government Office may be contacted.

Status

The Subscriber is not a staff member of the Government.

1. Remuneration

Pay is expressed and payable in a lump-sum each month. It is established on the basis of the level of responsibility of the assignment, and the experience and competencies of the individual **engaged** in relation to the local labour market.

- a) The pay is agreed upon, by the individual and the managing unit, at the outset of the assignment, at the time of formalizing the Contract. It is not normally adjusted in the course of the contract period. However, the Government Office may make an adjustment if warranted by local conditions.
- b) The remuneration may be reviewed on the occasion of an extension of the Contract, if warranted, although there is no obligation to do so.
- c) The remuneration under the Contract is through a lump sum cash approach, without additional allowances for elements such as children, spouse, educational assistance, language allowance.

2. Duration of service

The Contract is issued without any expectancy of extension or renewal. However, if an extension is mutually agreed upon, an additional period (or periods) of up to one year may be approved.

4. Non-pay conditions

There are a number of conditions and some benefits which are provided as part of the Contract, which constitute a set of working and social conditions which are appropriate for the Government. These are described below:

- a) **Medical clearance:** This Contract is subject to satisfactory medical clearance recognized by the Government Office.
- b) **Hours of work** are per the established the Government working-hours in the office to which the Subscriber is assigned. Overtime, if applicable, is paid at a rate based on the local labour market. Where local practice favours compensatory time off, subject to exigencies of service, overtime shall be compensated on the basis of one and half the normal rate or may be compensated for through a corresponding period of paid time off from work. The compensatory time off must be utilized within four months following the month in which the overtime work is done, otherwise it is forfeited. The overtime pay applies to support level personnel only.
- c) **National/public holidays** will be those observed by the Government Office in the country.
- d) **Annual leave (vacation)** will be accrued in accordance with the local market practice but no less than one and a half (1.5) days for each completed month of work. All annual leave must be taken within the period of the Contract. However, in case of a Contract extension, the Subscriber is allowed to carry over an accumulated annual leave to a maximum of 18 days. Unused leave at the end of service is not commutable to cash.
- e) **Sick leave:** Paid sick leave in accordance with local market practice, but no less than 1 day for per month of work. Any absence of more than three consecutive working days must be supported by a medical certificate. Also after three uncertified sick leave days in any six-month period, medical certification is required. Unused sick leave at the end of the Contract cannot be converted into a cash payment.

- f) **Maternity leave:** Paid maternity leave in accordance with local market practice, but no less than 16 weeks at full pay, as per the Government standard. A certificate from a duly qualified physician indicating estimated date of confinement and "fitness" to work must be submitted. The maternity leave must fall within and be taken during the contract period.
- g) **Paternity leave:** Paid paternity leave in accordance with local market practice, but no less than 4 weeks at full pay. The paternity leave is limited to once a year and the Subscriber must have had at least 6 months of service with the Government at the time of the birth of the child. The paternity leave must fall within and be taken during the Contract period.
- h) **Social Security:** Upon proof of enrolment by the Subscriber in a local scheme, or demonstrated coverage through a spouse or a previous employer, the Government will add the appropriate amount of this cost to the lump sum. The Government will pay to the Subscriber, in addition to the monthly remuneration, so as to enable appropriate coverage for such pension and medical benefits, except where the Government arranges a medical and pension scheme and makes the appropriate payments directly to such schemes. Such additional remuneration fulfils the Government's obligations towards social security for the Subscriber and the Government is exempt from any other liabilities regarding national social security.
- i) **Death and disability coverage:** To protect the Subscriber and their family in the event of the subscriber's injury, disability or death while under contract with the Government, and attributable to the performance of the services, coverage has been arranged through a group insurance policy at no cost to the Subscriber. Specifics are available through the Government Office.

Subscriber's signature: _____

Date: _____

ANNEX 7: MODEL GENERAL TERMS AND CONDITIONS FOR GOODS

General Terms and Conditions for Goods

1. ACCEPTANCE OF THE PURCHASE ORDER

This Purchase Order may only be accepted by the Supplier's signing and returning an acknowledgement copy of it or by timely delivery of the goods in accordance with the terms of this Purchase Order, as herein specified. Acceptance of this Purchase Order shall affect a contract between the Parties under which the rights and obligations of the Parties shall be governed solely by the terms and conditions of this Purchase Order, including these General Conditions. No additional or inconsistent provisions proposed by the Supplier shall bind the Government of _____ unless agreed to in writing by a duly authorized official of the Government of _____.

2. PAYMENT

- 2.1.1 The Government of _____ shall, on fulfillment of the Delivery Terms, unless otherwise provided in this Purchase Order, make payment within 30 days of receipt of the Supplier's invoice for the goods and copies of the shipping documents specified in this Purchase Order.
- 2.1.2 Payment against the invoice referred to above will reflect any discount shown under the payment terms of this Purchase Order, provided payment is made within the period required by such payment terms.
- 2.1.3 Unless authorized by the Government of _____, the Supplier shall submit one invoice in respect of this Purchase Order, and such invoice must indicate the Purchase Order's identification number.
- 2.1.4 The prices shown in this Purchase Order may not be increased except by express written agreement of the Government of _____.

3. TAX EXEMPTION

This Purchase Order is financed by the United Nations Development Programme (UNDP), a subsidiary organ of the United Nations. Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for utilities services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize UNDP's exemption from such taxes, duties or charges, the Supplier shall immediately consult with the Government of _____ to determine a mutually acceptable procedure.

Accordingly, the Supplier authorizes the Government of _____ to deduct from the Supplier's invoice any amount representing such taxes, duties or charges, unless the Supplier has consulted with the Government of _____ before the payment thereof and the Government of _____ has, in each instance, specifically authorized the Supplier to pay such taxes, duties or charges under protest. In that event, the Supplier shall provide the Government of _____ with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

4. RISK OF LOSS

Risk of loss, damage to or destruction of the goods shall be governed in accordance with DDU Incoterms 2000, unless otherwise agreed upon by the Parties on the front side of this Purchase Order.

5. EXPORT LICENCES

Notwithstanding any INCOTERM 2000 used in this Purchase Order, the Supplier shall obtain any export licences required for the goods.

6. FITNESS OF GOODS/PACKAGING

The Supplier warrants that the goods, including packaging, conform to the specifications for the goods ordered under this Purchase Order and are fit for the purposes for which such goods are ordinarily used and for purposes expressly made known to the Supplier by the Government of _____, and are free from defects in workmanship and materials. The Supplier also warrants that the goods are contained or packaged adequately to protect the goods.

7. INSPECTION

7.1. The Government of _____ shall have a reasonable time after delivery of the goods to inspect them and to reject and refuse acceptance of goods not conforming to this Purchase Order; payment for goods pursuant to this Purchase Order shall not be deemed an acceptance of the goods.

7.2. Inspection prior to shipment does not relieve the Supplier from any of its contractual obligations.

8. INTELLECTUAL PROPERTY INFRINGEMENT

The Supplier warrants that the use or supply by the Government of _____ of the goods sold under this Purchase Order does not infringe any patent, design, trade-name or trade-mark. In addition, the Supplier shall, pursuant to this warranty, indemnify, defend and hold the Government of _____ harmless from any actions or claims brought against the Government of _____ pertaining to the alleged infringement of a patent, design, trade-name or trade-mark arising in connection with the goods sold under this Purchase Order.

9. RIGHTS OF THE GOVERNMENT OF _____

In case of failure by the Supplier to fulfil its obligations under the terms and conditions of this Purchase Order, including but not limited to failure to obtain necessary export licences, or to make delivery of all or part of the goods by the agreed delivery date or dates, the Government of _____ may, after giving the Supplier reasonable notice to perform and without prejudice to any other rights or remedies, exercise one or more of the following rights:

- a) Procure all or part of the goods from other sources, in which event the Government of _____ may hold the Supplier responsible for any excess cost occasioned thereby.
- b) Refuse to accept delivery of all or part of the goods.
- c) Cancel this Purchase Order without any liability for termination charges or any other liability of any kind of the Government of _____.

10. LATE DELIVERY

Without limiting any other rights or obligations of the parties hereunder, if the Supplier will be unable to deliver the goods by the delivery date(s) stipulated in this Purchase Order, the Supplier shall (i) immediately consult with the Government of _____ to determine the most expeditious means for delivering the goods and (ii) use an expedited means of delivery, at the Supplier's cost (unless the delay is due to Force Majeure), if reasonably so requested by the Government of _____.

11. ASSIGNMENT AND INSOLVENCY

11.1 The Supplier shall not, except after obtaining the written consent of the Government of _____, assign, transfer, pledge or make other disposition of this Purchase Order, or any part thereof, or any of the Supplier's rights or obligations under this Purchase Order.

11.2 Should the Supplier become insolvent or should control of the Supplier change by virtue of insolvency, the Government of _____ may, without prejudice to any other rights or remedies, immediately terminate this Purchase Order by giving the Supplier written notice of termination.

12. USE OF THE GOVERNMENT OF _____, UNDP OR THE UNITED NATIONS NAME OR EMBLEM

The Supplier shall not use the name, emblem or official seal of the Government of _____, UNDP or the United Nations for any purpose.

13. PROHIBITION ON ADVERTISING

The Supplier shall not advertise or otherwise make public that it is furnishing goods or services to the Government of _____ without specific permission of the Government of _____ in each instance.

14. CHILD LABOUR

The Supplier represents and warrants that neither it nor any of its affiliates is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

Any breach of this representation and warranty shall entitle the Government of _____ to terminate this Purchase Order immediately upon notice to the Supplier, without any liability for termination charges or any other liability of any kind of the Government of _____.

15. MINES

The Supplier represents and warrants that neither it nor any of its affiliates is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilized in the manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980.

Any breach of this representation and warranty shall entitle the Government of _____ to terminate this Purchase Order immediately upon notice to the Supplier, without any liability for termination charges or any other liability of any kind of the Government of _____.

16. SETTLEMENT OF DISPUTES

16.1 Amicable Settlement

The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Purchase Order or the breach, termination or invalidity thereof. Where the Parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the Parties.

16.2 Arbitration

Unless, any such dispute, controversy or claim between the Parties arising out of or relating to this Purchase Order or the breach, termination or invalidity thereof is settled amicably under the preceding paragraph of this Section within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

17. PRIVILEGES AND IMMUNITIES OF UNDP OR THE UNITED NATIONS

Nothing in or related to these General Terms and Conditions or this Purchase Order shall be deemed a waiver of any of the privileges and immunities of the United Nations, including its subsidiary organs.

18. SEXUAL EXPLOITATION:

18.1 The Contractor shall take all appropriate measures to prevent sexual exploitation or abuse of anyone by it or by any of its employees or any other persons who may be engaged by the Contractor to perform any services under the Contract. For these purposes, sexual activity with any person less than eighteen years of age, regardless of any laws relating to consent, shall constitute the sexual exploitation and abuse of such person. In addition, the Contractor shall refrain from, and shall take all appropriate measures to prohibit its employees or other persons engaged by it from, exchanging any money, goods, services, offers of employment or other things of value, for sexual favors or activities, or from engaging in any sexual activities that are exploitive or degrading to any person. The Contractor acknowledges and agrees that the provisions hereof constitute an essential term of the Contract and that any breach of this representation and warranty shall entitle the Government of _____ to terminate the Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind.

18.2 The Government of _____ shall not apply the foregoing standard relating to age in any case in which the Contractor's personnel or any other person who may be engaged by the Contractor to perform any services under the Contract is married to the person less than the age of eighteen years with whom sexual activity has occurred and in which such marriage is recognized as valid under the laws of the country of citizenship of such Contractor's personnel or such other person who may be engaged by the Contractor to perform any services under the Contract.

19.0 OFFICIALS NOT TO BENEFIT:

The Contractor warrants that no official of the Government of _____, UNDP or the United Nations has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.

20. AUTHORITY TO MODIFY:

No modification or change in this Contract shall be valid and enforceable against the Government of _____ unless provided by an amendment to this Agreement signed by the Contractor and jointly by the Government of _____.

ANNEX 8: MODEL GENERAL TERMS AND CONDITIONS FOR SERVICES

GENERAL TERMS AND CONDITIONS FOR SERVICES

1. LEGAL STATUS

The Contractor shall be considered as having the legal status of an independent contractor vis-à-vis the Government of _____. The Contractor's personnel and sub-contractors shall not be considered in any respect as being the employees or agents of the Government of _____.

2. SOURCE OF INSTRUCTIONS

The Contractor shall neither seek nor accept instructions from any authority external to the Government of _____ in connection with the performance of its services under this Contract. The Contractor shall refrain from any action, which may adversely affect the Government of _____ and shall fulfill its commitments with the fullest regard to the interests of the Government of _____.

3. CONTRACTOR'S RESPONSIBILITY FOR EMPLOYEES

The Contractor shall be responsible for the professional and technical competence of its employees and will select, for work under this Contract, reliable individuals who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct.

4. ASSIGNMENT

The Contractor shall not assign, transfer, pledge or make other disposition of this Contract or any part thereof, or any of the Contractor's rights, claims or obligations under this Contract except with the prior written consent of the Government of _____.

5. SUB-CONTRACTING

In the event the Contractor requires the services of sub-contractors, the Contractor shall obtain the prior written approval and clearance of the Government of _____ for all sub-contractors. The approval of the Government of _____ of a sub-contractor shall not relieve the Contractor of any of its obligations under this Contract. The terms of any sub-contract shall be subject to and conform with the provisions of this Contract.

6. OFFICIALS NOT TO BENEFIT

The Contractor warrants that no official of the Government of _____ has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.

7. INDEMNIFICATION

The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, The Government of _____, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor's employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Contract.

8. INSURANCE AND LIABILITIES TO THIRD PARTIES

8.1 The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.

8.2 The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or its equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.

8.3 The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury, or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.

8.4 Except for the workmen's compensation insurance, the insurance policies under this Article shall:

- (i) Name the Government of _____ as additional insured;
- (ii) Include a waiver of subrogation of the Contractor's rights to the insurance carrier against the Government of _____;
- (iii) Provide that the Government of _____ shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.

8.5 The Contractor shall, upon request, provide the Government of _____ with satisfactory evidence of the insurance required under this Article.

9. ENCUMBRANCES/LIENS

The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with The Government of _____ against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Contractor.

10. TITLE TO EQUIPMENT

Title to any equipment and supplies that may be furnished by the Government of _____ shall rest with the Government of _____ and any such equipment shall be returned to the Government of _____ at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to the Government of _____, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate the Government of _____ for equipment determined to be damaged or degraded beyond normal wear and tear.

11. COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS

The United Nations Development Programme (UNDP) shall be entitled to all intellectual property and other proprietary rights including but not limited to patents, copyrights, and trademarks, with regard to products, documentation, or modifications thereof, which are produced, prepared or collected in consequence of or in the course of the execution of this Agreement. At the Government of _____'s request, the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring them to UNDP in compliance with the requirements of the applicable law.

12. USE OF NAME, EMBLEM OR OFFICIAL SEAL OF THE GOVERNMENT OF _____

The Contractor shall not advertise or otherwise make public the fact that it is a Contractor with the Government of _____, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of the Government of _____, or any abbreviation of the name of the Government of _____ in connection with its business or otherwise.

13. CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION

13.1 All maps, drawings, photographs, mosaics, plans, reports, recommendations, estimates, documents and all other data compiled by or received by the Contractor under this Contract shall be the property of the Government of _____, shall be treated as confidential and shall be delivered only to the Government of _____ authorized officials on completion of work under this Contract.

13.2 The Contractor may not communicate at any time to any other person, Government or authority external to the Government of _____, any information known to it by reason of its association with the Government of _____ which has not been made public except with the authorization of the Government of _____; nor shall the Contractor at any time use such information to private advantage. These obligations do not lapse upon termination of this Contract.

14. FORCE MAJEURE; OTHER CHANGES IN CONDITIONS

14.1 Force majeure, as used in this Article, means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force which are beyond the control of the Parties.

14.2 In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to the Government of _____, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify the Government of _____ of any other changes in conditions or the occurrence of any event, which interferes or threatens to interfere with its performance of this Contract. The notice shall include steps proposed by the Contractor to be taken including any reasonable alternative means for performance that is not prevented by force majeure. On receipt of the notice required under this Article, the Government of _____ shall take such action as, in its sole discretion, it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.

14.3 If the Contractor is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Contract, the Government of _____ shall have the right to suspend or terminate this Contract on the same terms and conditions as are provided for in Article 15, "Termination", except that the period of notice shall be seven (7) days instead of thirty (30) days.

15. TERMINATION

15.1 Either party may terminate this Contract for cause, in whole or in part, upon thirty days notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16 "Settlement of Disputes" below shall not be deemed a termination of this Contract.

15.2 The Government of _____ reserves the right to terminate without cause this Contract at any time upon 15 days prior written notice to the Contractor, in which case the Government of _____ shall reimburse the Contractor for all reasonable costs incurred by the Contractor prior to receipt of the notice of termination.

15.3 In the event of any termination by the Government of _____ under this Article, no payment shall be due from the Government of _____ to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract. The Contractor shall take immediate steps to terminate the work and services in a prompt and orderly manner and to minimize losses and further expenditures.

15.4 Should the Contractor be adjudged bankrupt, or be liquidated or become insolvent, or should the Contractor make an assignment for the benefit of its creditors, or should a Receiver be appointed on account of the insolvency of the Contractor, the Government of _____ may, without prejudice to any other right or remedy it may have, terminate this Contract forthwith. The Contractor shall immediately inform the Government of _____ of the occurrence of any of the above events.

16. SETTLEMENT OF DISPUTES

16.1 Amicable Settlement

The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.

16.2 Arbitration

Unless, any such dispute, controversy or claim between the Parties arising out of or relating to this Contract or the breach, termination or invalidity thereof is settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

17. PRIVILEGES AND IMMUNITIES OF UNDP OR THE UNITED NATIONS

Nothing in or related to this Contract shall be deemed a waiver of any of the privileges and immunities of the United Nations, including its subsidiary organs.

18. TAX EXEMPTION

This Contract is financed by UNDP, a subsidiary organ of the United Nations. Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for utilities services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize UNDP's exemption from such taxes, duties or charges, the Supplier shall immediately consult with the Government of _____ to determine a mutually acceptable procedure.

Accordingly, the Supplier authorizes the Government of _____ to deduct from the Supplier's invoice any amount representing such taxes, duties or charges, unless the Supplier has consulted with the Government of _____ before the payment thereof and the Government of _____ has, in each instance, specifically authorized the Supplier to pay such taxes, duties or charges under protest. In that event, the Supplier shall provide the Government of _____ with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

19. CHILD LABOUR

The Contractor represents and warrants that neither it, nor any of its suppliers is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical mental, spiritual, moral or social development.

Any breach of this representation and warranty shall entitle the Government of _____ to terminate this Contract immediately upon notice to the Contractor, at no cost to the Government of _____.

20. MINES

The Contractor represents and warrants that neither it nor any of its suppliers is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilized in the manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980.

Any breach of this representation and warranty shall entitle the Government of _____ to terminate this Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind of the Government of _____.

21. OBSERVANCE OF THE LAW

The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Contract.

22. AUTHORITY TO MODIFY

No modification or change in this Contract, no waiver of any of its provisions or any additional contractual relationship of any kind with the Contractor shall be valid and enforceable against the Government of _____ unless provided by an amendment to this Contract signed by the authorized official of the Government of _____.

ANNEX 9: LIST OF ACRONYMS

ACP – Advisory Committee on Procurement
ADB – Asian Development Bank
ADR – Assessments of Development Results
AP – Accounts Payable
APJV – AP Journal Voucher
AusAID – Australian Government Overseas Aid Program
AWP – Annual Work Plan
BCPR – Bureau for Crisis Prevention and Recovery
BDP – Bureau of Development Policy
BLI – Baseline indicators
BoM – Bureau of Management
CAP – Contract, Assets and Procurement Committee
CBO – Community-based organizations
CCA – Common Country Assessment
CCAA – Committee for Contracts, Assets and Acquisitions
CDR – Combined Delivery Report
CO – Country Office
COA – Chart of Account (in Atlas)
CoP – Communities of Practice
CPAP – Country Programme Action Plan
CPAR – Country Procurement Assessment Reports
CPD – Country Programme Document
CPI - Compliance/performance indicators
CSO – Civil Society Organization
CV – Curriculum Vitae
DAC – Development Assistance Committee
DAF – Delivered at Frontier
DDU – Delivered Duties Unpaid
DFID – United Kingdom Department for International Development

DIM – Direct Implementation
DRR – Deputy Resident Representative
DSA – Daily Subsistence Allowance
DUNA – Division for United Nations Affairs
EB – Executive Board
EIA – Environment Impact Assessment
EO – Evaluation Office
ERC – Evaluation Resource Centre
FACE – Funding Authorization and Certificate of Expenditures
FR – Financial Report
GA – General Assembly
GEF – Global Environment Facility
GLJE – General Ledger Journal Entry
GMS – General Management Support
HACT – Harmonized Approach to Cash Transfers to Implementing Partners
HQ – Headquarters
HRM – Human resources management
IGO – Inter-Governmental Organization
INCOTERMS – International Commercial Terms
IP – Implementing Partner
IPB – International Public Bid
ISO – International Organization for Standardization
ISS – Implementation Support Services
ITB – Invitation to Bid
JV – Journal Voucher
KK – Commitment Control ledger (in Atlas)
LIBOR – London Inter-Bank Offered Rate
LOA – Letter of Agreement
LPAC – Local Project Appraisal Committee
LSO – Legal Support Office
MDGs – Millennium Development Goals

MDTF – Multi-Donor Trust Fund
MG – Management Group
M&E – Monitoring and Evaluation
MS – Microsoft (software)
MSU – Management support unit
N/A (or n/a) – Not applicable
NEX – National Execution
NGO – Non-governmental organization
NIM – National Implementation
NSPS – National Salary Payment Schemes
NSSS – National Salary Supplementation Schemes
NIM – National Implementation
OAI – Office of Audit and Investigation
OECD – Organization for Economic Cooperation and Development
OG – Operations Group
OHR – Office of Human Resources
OSG – Operations Support Group
PAC – Project Appraisal Committee
PB – Partnerships Bureau
PDR – Project Delivery Report
PME – Planning, Monitoring and Evaluation
POPP – Programme and Operations Policies and Procedures
PPR – Project Progress Report
Prodoc – Project document
PSO – Procurement Support Office
Prodoc – Project document
RACP – Regional Advisory Committee on Procurement
RBM – Results-Based Management
RFQ – Request for Quotation
RFP – Request for Proposal
RIB – Restricted International Bid

RR – Resident Representative
RRF – Results and Resources Framework
SAI – Supreme Audit Institution
SSA – Special Service Agreement
SBAA – Standard Basic Assistance Agreement
SBEEA – Standard Basic Executing Entity (Agency) Agreement
TCPR – Triennial Comprehensive Policy Review
TOR – Terms of reference
TRAC – Target Resource Assignment from the Core
TTF – Thematic Trust Fund
UN – United Nations
UNBOA – United Nations Board of Auditors
UNCITRAL – United Nations Commission on International Trade Law
UNCT – United Nations Country Team
UNDAF – United Nations Development Assistance Framework
UNDG – United Nations Development Group
UNEG – United Nations Evaluation Group
UNJSPF – United Nations Joint Staff Pension Fund
UNDP – United Nations Development Programme
USD – United States dollar