October 2010

| INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE |
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| SIXTH MEETING OF THE *AD HOC* ADVISORY COMMITTEE ON THE FUNDING STRATEGY |
| Rome, Italy, 13-15 October 2010 |
| OPERATION OF THE BENEFIT-SHARING FUND: SUBMISSIONS FROM INTERNATIONAL ORGANIZATIONS |

## I. INTRODUCTION

1.        At its Third Session, the Governing Body requested the Secretary to continue collaborating with international organizations in the further development and operationalization of the Benefit-sharing Fund of the International Treaty.

2.        The Bureau of the Fourth Session of the Governing Body at its first meeting requested the Secretary to survey "all possible options for the establishment of institutional arrangements to be put in place for the oversight and implementation of projects to be funded under the Benefit-sharing Fund", for examination by the *Ad Hoc* Advisory Committee on the Funding Strategy.

3.        Following the requests by the Governing Body and the Bureau, the Secretary published a notification addressed to all potential partners of the Benefit-sharing Fund to express their interest in developing possible partnerships with the Treaty to implement the Fund. Further to these requests, the Secretary invited relevant international organizations to submit information on their mandates; work; technical and financial capacity to implement projects.

4.        During the fifth meeting of the *Ad Hoc* Advisory Committee on the Funding Strategy, the Secretary informed the Committee on the interest expressed and the submission prepared by the United Nations Development Programme (UNDP) for its consideration.

5.        The Secretary also informed the Committee on the interest expressed by the Global Crop Diversity Trust (GCDT); the International Fund for Agricultural Development (IFAD); and Oxfam International in developing possible partnerships for the implementation of the Benefit-sharing Fund of the Treaty.

6.        The *Ad Hoc* Advisory Committee on the Funding Strategy at its fifth meeting highlighted the importance of developing disbursement, reporting and operational procedures for the complete operation of the project cycle, as well as the establishment of institutional arrangements and partnerships[1].

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[1] IT/ACFS-5/10/Report par. 54

7.      It also highly appreciated the positive and constructive offer made by UNDP in working with the Benefit-sharing Fund to help small farmers adapt to climate change through the management of plant genetic resources and its intention to commit more than US$ 10 million to this work.

8.      The Committee stressed  that moving forward with the establishment of multiple partnerships for the implementation of the Benefit-sharing Fund represents a positive step towards the implementation of the Fund, especially when they include investments in the calls and capitalization of the Fund.[2]

9.      Furthermore, it requested the Secretariat to formalize as soon as possible the partnership of the Treaty and its Benefit-sharing Fund with UNDP, in order to facilitate the investment of UNDP in the Call for Proposals 2010, through an exchange of letters and followed up as appropriate, through, for example, a Memorandum of Understanding[3].

10.      The Committee requested the Secretariat to explore the possibilities of additional partnerships with the Global Crop Diversity Trust (GCDT), the International Fund of Agricultural Development (IFAD) and Oxfam-Novib, following *mutatis mutandis,* the same process as with UNDP. It also requested the Secretariat to continue surveying for further potential partners of the Fund with relevant organizations, including organizations outside the United Nations system, and to invite them to submit information on their mandates, work, technical and financial capacity to implement projects[4].

11.      The present document provides information on the expressions of interest and submissions received from relevant international organizations on possible partnerships to implement and operationalize the Benefit-sharing Fund since the fifth meeting of the *Ad Hoc* Advisory Committee.

## II. EXPRESSIONS OF INTEREST AND SUBMISSIONS RECEIVED

12.      The Secretariat has sent invitation letters on possible partnerships to implement and operationalize the Benefit-sharing Fund to different organizations.[5]

13.      Since the fifth meeting of the Committee, the following organizations have expressed their interest and submitted the requested information, as included in *Appendix I* of this document, for consideration by the Committee at its sixth meeting:

    i)      United Nations Office for Project Services (UNOPS);

    ii)     World Bank

14.      The submission from the Tropical Agricultural Research and Higher Education Centre (CATIE) is also available as document IT/ACFS-6/10/4Add.1.

15.      Advice is sought from the on the establishment of partnerships to implement and operationalize the Benefit-sharing Fund with these organizations.

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[2] Ibidem, par. 58

[3] Ibidem, par. 59

[4] Ibidem, par. 60 and 61

[5] The following organizations have been invited so far: the United Nations Conference on Trade and Development (UNCTAD); the United Nations Environment Programme (UNEP); the United Nations Educational, Scientific and Cultural Organization (UNESCO); the United Nations Office for Project Services (UNOPS); the World Bank Group; the International Centre for Agriculture and Biosciences (CABI); Oxfam-Novib; the Tropical Agricultural Research and Higher Education Centre (CATIE); the International Centre of Insect Physiology and Ecology (ICIPE; the Inter-American Institute for Cooperation on Agriculture (IICA); the Centre for International Forestry Research (CIFOR); International Maize and Wheat Improvement Centre (CIMMYT) and the International Development Research Centre (IDRC).

## APPENDIX I : SUBMISSION FROM INTERNATIONAL ORGANIZATIONS

**UNOPS**

27 July 2010

Mr. Shakeel Bhatti
Secretary
International Treaty on Plant Genetic Resources
        for Food and Agriculture
Viale delle Terme di Carcalla
00153 Rome
ITALY

Dear Mr. Bhatti,

Thank you for your letter of 24 May 2010 to Jan Mattsson, Executive Director, UNOPS, inviting us to submit a proposal to assist the Plant Treaty Secretariat in the implementation of the Benefit-Sharing Fund.

I am pleased to forward to you the attached submission in a format which matches the template your office provided.

In addition to the submission, attached please find the detailed complete set of Standard Operating Procedures (SOPs) of the UNOPS executed Small Grants Programme (SGP) which articulates methods and mechanisms of direct relevance to the Benefit-Sharing Fund.

I thank you for taking the time on two separate occasions to talk with me on the International Treaty and the challenges it faces in delivering the important goals of the Fund. I am confident that UNOPS possesses the skills required to assist the Secretariat in a transparent, cost-effective, and supportive manner.

I look forward to hearing from you soon. Naturally, should you need any additional information on UNOPS, please do not hesitate to contact me.

Kind regards,

Adam C. Bouloukos
Director
Outreach and Partnerships

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# ANNEX 1

## SUBMISSION OF INTERNATIONAL ORGANIZATIONS: OPERATIONALIZATION OF THE BENEFIT-SHARING FUND OF THE INTERNATIONAL TREATY

### SECTION 1: CONTACT DETAILS

Organization: **United Nations Office for Project Services (UNOPS)**
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### SECTION 2: BACKGROUND

The General Assembly of the United Nations (resolution GA/48//501) established UNOPS in the UN system to provide high-quality, flexible and cost effective services. UNOPS specializes in project management, procurement and loan or grant supervision services for donors, governments, and the UN system. UNOPS does not have a sector mandate but supports the mandate of its clients through its management expertise. It has been operational since January 1$^{st}$, 1995.

In addition, UNOPS current focus is to provide implementation support services to partners in the following areas: physical infrastructure, public order and security, census and elections, environment, and health.

UNOPS currently has four high-level goals:

1. Rebuilding peace and stability after conflict
2. Early recovery of communities affected by natural disaster
3. The ability of people to develop local economies and obtain social services
4. Environmental sustainability and adaption to climate change

UNOPS also targets three cross-cutting objectives: gender equality and the empowerment of women, national capacity development, and environmental sustainability.

# UNOPS advantages

UNOPS operates as a fully self-financed provider of implementation services. This prompts efficiency and financial discipline. As a not-for-profit organization it is motivated only to meet the expectations of partners. During periods of conflict or crisis UNOPS maintains a physical presence on the ground and promotes the ownership and engagement of governments and local communities. While partners may need a public profile for fundraising or advocacy, UNOPS does not and takes a low-key position as a service provider.

UNOPS extensive experience and proven track record in its focus areas allows partners to enjoy the benefits of specialization, shared knowledge and economies of scale. UNOPS transparent, accountable management services meet the highest international standards. Partners are assured consistent performance to agreed standards of quality, timeliness and cost, and safeguards against implementation risk.

## UNOPS networks and cooperation

UNOPS, as a vital member of the UN family, has established strong and efficient partnerships and networking with other UN Agencies, donor community, NGOs, international organisations and key players, particularly at the most local community levels in recipient countries. Some of UNOPS partners include: UNEP, UNDP, DPKO, EC, ECHO, The World Bank, FAO, UNODC, WHO, UNHCR, UNFPA, UNEP, USAID, etc, etc.

## UNOPS regional structure

UNOPS employs almost 6,000 personnel annually and on behalf of its partners creates thousands more work opportunities in local communities. With its headquarters in Copenhagen, Denmark, a network of five regional offices and a further 20 operations and project centres, UNOPS oversees activities in more than 60 countries.

The regional offices are based in Copenhagen, Johannesburg, Bangkok, New York, and Panama. Each regional office is staffed with experts in the core UNOPS functions, including procurement, logistics, project management, financial management, information and communications, human resources, and security. Each staff member is well versed in the UNOPS business model, including its rules, regulations, and procedures relating to the management of projects. Regional offices are also familiar with regional donors, regional NGOs, and (most importantly) regional consultants. Thus, the added value provided by UNOPS regional offices consists of:

- Expertise: technical and management expertise on a regional scale;
- Rapid response: regional offices are physically close to areas where staff are likely to be deployed, and so they can deliver necessary staff, vehicles, and equipment quickly and efficiently; and,

- Language and culture: regional offices consist of international and locally recruited staff who are familiar with the languages and culture of the region where they work.

UNOPS regional offices also provide a fully operational, ready-to-go, organisational infrastructure. This includes:

- Office space: UNOPS has offices in 33 countries, as well as a standing agreement with UNDP and other UN agencies to use their offices around the world on an as-required basis;
- Computers and other hardware: each office is equipped with computer hardware and software ready to support basic procurement, logistics, security, and administration functions on demand;
- Vehicles: each office is equipped with vehicles, including sedans and trucks;
- Communications: each office has appropriate systems for fixed-base and mobile communications at all times; and,
- Security: each office is equipped and maintained in accordance with UNDSS standards, including minimum operating security standards (MOSS) and, where appropriate minimum operating residential security standards (MORSS).

## UNOPS and the environment

As a neutral, transparent and accountable United Nations organization, UNOPS has the status and expertise to coordinate international collaboration and help its partners realize Millennium Development Goal 7 on environmental sustainability, a matter of primary importance to the Benefit-sharing Fund.

Environmental management is increasingly recognized as vital to economic and human development. Translating that understanding into effective action is, unfortunately, not easy. Ecosystems and natural resources often straddle state borders, diminishing incentives for individual countries to manage them sustainably. Therefore issues such as climate change, biodiversity loss, land degradation and air and water pollution require international agreements and coordinated responses.

The United Nations plays a leading role in guiding environmental governance. UNOPS contributes to such efforts by working with other members of the UN family, international and non-governmental organizations and national governments, providing specialized services to ensure project success.

On behalf of partners UNOPS helps reverse environmental damage, mitigate and prepare for environmental risks and climate change, raise local, regional and global awareness and facilitate better resource management. The value of UNOPS services is reflected in the volume of projects it supports in the sector, averaging more than $100 million annually.

**Biodiversity**

UNOPS promotes biodiversity conservation by administering international waters projects and regional initiatives such as the Wings Over Wetlands programme. UNOPS has implemented more than 35 international waters projects involving more than 100 countries since 1990.

## Post-conflict and post-disaster

War and natural disasters cause enormous environmental damage, jeopardizing the livelihoods of the many in developing countries who rely directly on natural resources. In recent years UNOPS has supported the work of the UNEP Post-Conflict Branch in Afghanistan, Albania, Iraq, Sudan and the former Yugoslavia. To allow UNEP to concentrate on substantive aspects of programme delivery, UNOPS ensures effective and efficient planning and administration, including contracting personnel, procuring goods and services and handling complex environmental remediation project design.

## Climate change

UNOPS provides services to other Global Environment Facility (GEF)-financed climate initiatives, such as the UNDP Community-based Adaptation Programme, which field tests small-scale projects and policy initiatives to research adaptation at the local level. These efforts include UNDP capacity development and technical assistance projects that help countries develop adaptation policies and frameworks, climate risk analyses and management solutions.

In 2009 UNOPS helped 21 African countries build their environment management capacity and adjust national development processes to incorporate climate change risks and opportunities. The countries involved have now introduced planning mechanisms to manage the uncertainties of climate change, are implementing climate-resilient policies and have built leadership capacities and institutional frameworks to manage climate change risks and opportunities. The project was funded by UNEP, UNDP, GEF and the Universal Postal Union.

## Small Grants Programme

UNOPS provides execution services to UNDP with respect to the GEF Small Grants Programme (SGP). The UNOPS SGP Cluster facilitates grants projects which are implemented by local NGOs and Community Based Organizations. Most grant projects include critical aspects of to improve the livelihoods of rural communities, as well as Community Based Adaptation to climate change. The ideas originate within the communities while the SGP local staff (who report to the UNOPS SGP Cluster) identify and assist in formalizing such ideas in formal proposals to be reviewed by a committee. A number of these SGP projects engage local farmer associations, fisheries etc. and are designed to showcase workable solutions on the micro-level. The SGP has been operating since 1992, executing more than 9,000 grants to support conservation projects in 104 countries. There is much evidence of SGP projects being scaled up and, at times, leading

to changes in local and national legislation. The programme uses a decentralized decision-making approach as an effective way of reaching remote communities.

At present, 95 countries participate in SGP; there are 81 country offices, two regional offices, and two sub-regional offices with day-to-day management by SGP National Coordinators. The funding comprises US$ 247.2 million from GEF and US$ 242.8 million from other partners in cash or in-kind equivalents. The maximum grant amount per project is US$50,000, but averages around US$20,000. Grants are channelled directly to community-based organizations and NGOs. More than 7,000 grants have been awarded worldwide, with many benefiting multiple communities.

UNOPS North America Office provides services to SGP in several areas: project staff and consultants; subcontracts for host institutions; authorization of country programme grant allocation and disbursements; budget administration, including authorization and monitoring of expenditures; training and guidance on the above issues to country-level staff; and support for starting the programme in other countries. The UNDP Country Office provides management support to the SGP country programme, and supplies financial and administrative oversight of programme expenditures and grant disbursements on behalf of UNOPS.

**NOTE:** A fully detailed set of Standard operating procedures (SOPS) are included in this submission.

## Rural development

UNOPS supports its partners in developing rural livelihoods, and implemented over 100 rural development schemes across Africa and Latin America in 2009 alone. For example, in Peru UNOPS worked with the United Nations Office on Drugs and Crime to reduce illicit coca cultivation, improving farmers' incomes.

Other examples include:

**Sustaining Senegal's natural resources**
In 2006 the Italian Foreign Ministry and Senegal's Ministry of Agriculture, Rural Water and Food Security joined forces to create the Sédhiou Local Development Fund (FDLDS). UNOPS was asked to administer the fund and provide quality control. The FDLDS has helped combat poverty by improving agricultural production and commercialization, encouraging sustainable use of natural resources, and promoting communal and private access to basic services such as education, water, and healthcare.

**Afghanistan Conservation Corps**
The Afghanistan Conservation Corps works to conserve Afghanistan's biodiversity, improve rural livelihoods and build national capacity to manage forests and watersheds sustainably. The sub-projects have generated about 400,000 labour days and these have benefited thousands of households living in rural, isolated and some of the poorest areas

of Afghanistan. They have addressed a broad range of environment-related needs including horticulture, forestry, soil conservation, river bank stabilization and erosion control, community-based management of natural pistachio forests, landscaping of public compounds (by women), effective management of natural protected areas, environmental education and awareness raising. The Corps is funded by the United States Government and managed by UNOPS. Projects are identified by and implemented in collaboration with Afghan government ministries and local communities.

**Building partnerships for rainforest conservation in Central Africa**

The biodiversity of the Congo Basin is at risk from illegal timber exploitation, mining, poaching and large-scale commercial hunting. The Tri-national Dja-Odzala-Minkébé (TRIDOM) project is taking an international approach to land use planning to solve this multi-country problem. Under the auspices of the Central African Forests Commission, it is helping the governments of Cameroon, Gabon and Congo to manage a complex of nine protected areas with a central zone spread across the three countries, covering almost 150,000km2, around seven percent of the entire Congo Basin. The land use plan created by the project will establish separate zones for conservation, permanent forest, extractive industries, rural development, and community forest and wildlife management. The seven year project is funded by the Global Environment Facility, implemented by UNDP and managed by UNOPS.


# UNOPS experience as Trust Fund Manager

**Management of a Multi Donor Trust Fund in Myanmar**

The Three Diseases Fund (3DF) is supported by Australia, the European Commission the Netherlands, Norway, Sweden and the United Kingdom: these donors have committed to date US$ 104 million over five years. In 2007 grants totaling US$ 21 million were provided by 3DF to 26 implementing partners drawn from UN agencies and International Non-governmental Organizations to work with local NGOs, community-based organizations and professional associations to deliver and scale up provision of health services to address the three diseases. UNOPS was appointed as independent Fund Manager of 3DF. UNOPS administers an office operating in Yangon that disburses and monitors 3DF grants according to priorities set by the Fund Board. The Fund Manager is responsible for the financial management and the implementation of the Fund on a day-to-day basis and provides technical advice to the Fund Board on the content of the programme to be supported, the inclusion of additional activities, monitoring and evaluation, audit and operational research.

**Loan administration and fund supervision for the International Fund For Agricultural Development (IFAD): The role of UNOPS as a Cooperating Institution**

The agreement that established IFAD in 1977 stipulated that the organization would delegate the role of supervision to international Cooperating Institutions (CI). Although

this policy has been amended last December to internalize this function, until recently approximately 95 per cent of IFAD operations were supervised by cooperating institutions. Seventy-three percent of loan administration, programs and project supervision is entrusted by IFAD to UNOPS (125 projects and programs). Other cooperating institutions included the World Bank (15 projects and programs), Andean Development Corporation (10), West African Development Bank (8) and others. To perform the CI functions, UNOPS has recruited Portfolio Managers who are based in Thailand, Senegal, Kenya, Italy and USA. Each Portfolio Managers covers 8-10 countries.

The functions of CI entail the following activities:

Project supervision services:

Participation in the last phase of project appraisal and loan negotiations to contribute towards the identification of workable solutions for achievement of project objectives:

- Organizing 'start-up workshops' in the project area, to explain the procedures to targeted beneficiaries;
- Undertaking supervision visits to the project area to review project issues with national authorities, project personnel and beneficiaries, to examine project management and technical issues, to check compliance and assess progress made;
- Delivering a complete package of project reporting services, analyzing financial status and progress of activities, offering technical advice and making specific recommendations to national executing agencies, the host Government, IFAD and other clients;
- Providing project backstopping services that include year-round managerial and technical provision of feedback, budget administration and monitoring, organization of short-term technical assistance, procurement assistance and external training; and,
- Providing procurement review services to ensure compliance with procedures established in the loan agreement

The loan administration services

- Review of withdrawal applications submitted by borrowing countries prior to approval of the application for payments;
- Organization and leadership of seminars and workshops on loan disbursement procedures for project personnel and government representatives; and,
- Maintenance of computerized disbursement records and monitoring of the status of loan accounts.

**Assessment of recipients, supervision and monitoring of grants for the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM)**

The Global Fund to fight AIDS, Tuberculosis and Malaria is a public-private partnership,

created to rapidly provide large resources to those that can make a difference in the fight against HIV/AIDS, tuberculosis and malaria in poor countries. The Global Fund has approved (31.10.2007) a total of US$ 8.7 billion to more than 450 grants in 136 countries.

The role of UNOPS as Local Fund Agent.

UNOPS supports the Global Fund's mission And since 2003 UNOPS has been one of the institutions (together with PWC, KPMG, Crown Agent and The Swiss Tropical Institute) selected to perform Local Fund Agent services in Serbia, Kosovo, Macedonia, Azerbaijan, Tunisia (UNOPS Geneva Office), China, India and Mongolia (UNOPS Regional Office in Bangkok), and Ethiopia (UNOPS Regional office in Johannesburg).

## SECTION 3: OPERATIONS OF THE BENEFIT-SHARING FUND

### SECTION 3.1: OVERSIGHT AND IMPLEMENTATION OF PROJECTS

### Project Planning and Management

UNOPS uses a strong project management methodology for design and implementation of projects. The key principles are:

Maintaining focus on the objective; Control and management of risk; Ensuring quality output and delivery on time.

The methodology is adapted from the PRINCE2 system for project planning and management. PRINCE2 (projects in controlled environments) is a structured approach to project management that was developed by the UK Treasury. PRINCE2 provides a method for managing projects within a clearly defined framework. PRINCE2 describes procedures to coordinate people and activities in a project, to design and supervise the project, and to adjust the project, if it does not proceed according to plan.

The key features of PRINCE2 are: a focus on business justification; a defined organisation structure for the project management team; a product-based planning approach; an emphasis on dividing the project into manageable and controllable stages; and a commitment to flexibility and adjustment. Thus, PRINCE2 is divided into eight distinct functions or 'processes' and 45 sub-processes. The eight processes are as follows:

1. Starting up a Project (SU)
2. Planning (PL)
3. Initiating a Project (IP)
4. Directing a Project (DP)
5. Controlling a Stage (CS)
6. Managing Product Delivery (MP)
7. Managing Stage Boundaries (SB)
8. Closing a Project (CP)

In the PRINCE2 method, each process is specified with its key inputs and outputs and with specific goals and activities to be carried out. This provides for the automatic control of any deviations from the plan. The PRINCE2 model is depicted in the Figure 3.1 below. The programmatic implications of our emphasis on project planning and management are discussed further in section 3.2.5 below.

**Figure 3.1: Outline of the PRINCE2 Planning Model**
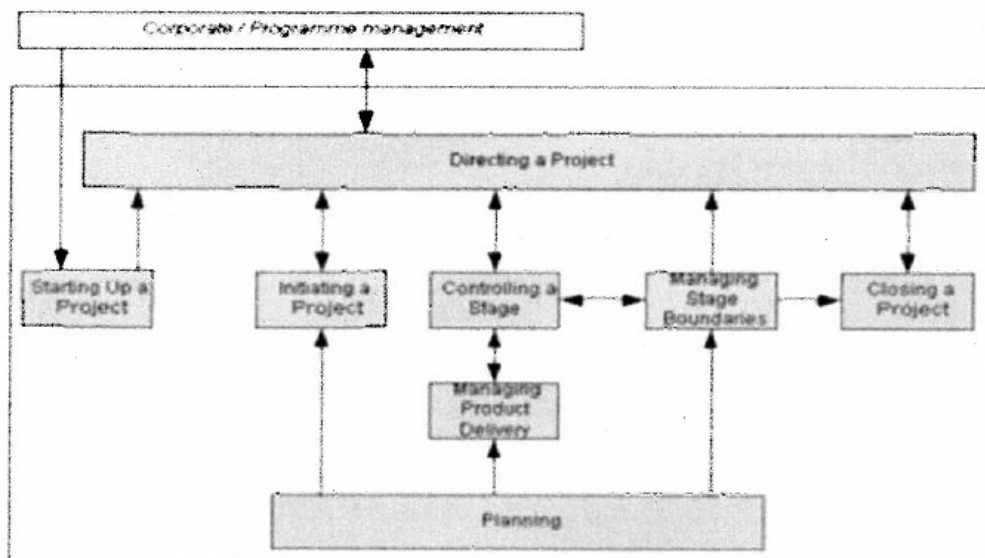


Example SGP:
On the level of individual grant projects, the UNOPS appointed local SGP staff, as one of their core responsibilities, identify potential grant projects and help NGOs /CBOs develop such proposals. This is a bottom-up approach where the ideas come from the ground and, if deemed to fit within the SGP mandate, are supported and formalized. UNOPS (in close support with UNDP) ensures that qualified local staff is recruited and maintains oversight over local operations.

In response to the size (currently 122 participating countries) and accelerated growth rate of this programme, combined with the mandate of cost effectiveness, the UNOPS Small Grants Cluster has developed a set of systematic approaches in line with UNOPS corporate policies:

- UNOPS SGP Standard Operating Procedures (SOP) Manual - a UNOPS intranet-based resource and operational tool which was first launched in 2008. This 'user-friendly' manual is accessible to all SGP practitioners around the world and is constantly updated based on changing realities, new policies, audit observations and new ideas (please refer to SOP Info Note and SOP Offline Manual in Annexes).
- SGP Responsibility Matrix – clearly agreed upon and defined roles, responsibilities and oversight structure of SGP practitioners at HQ and in the field (UNOPS and UNDP) regarding all operational activities.
- SGP Comprehensive Audit System – UNOPS standardized all SGP country audits with major international firm, conducting over 40 country audits per year.
- UNOPS appointed SGP country teams – each SGP country is usually managed by at least two local staff that report to UNOPS on all operational matters;
- Global Coherence & Consistency – the standardization, simplification and codification of processes and procedures has resulted in adherence to established baselines in all SGP countries.
- Transparency – Utilization of online People Soft ERP system ATLAS with users world-wide and the direct collection of all SGP grant details in a specific intranet-based Database – has resulted in more transparency and more timely delivery of funds.
- PRINCE2 project management – applicable elements of PRINCE2 have been implemented in managing the SGP which resulted in standardization of terminologies utilized in the programme, frequent and standardized updates with the establishment of regular SGP Board meetings etc.

**Monitoring and Supervision**

The Controlling a Stage element of PRINCE2 provides a mechanism for robust monitoring and evaluation. The purpose of the UNOPS monitoring and supervision system is to assist the implementing partners to correctly, efficiently and transparently implement the projects funded by the International Treaty for Plant Genetic Resources for Food and Agriculture. All monitoring and supervision missions will contribute to the capacity building of the implementing partners. The monitoring and supervision missions will provide on-the-job training of the financial management of the funds, procurement and contracting, monitoring and evaluation and reporting. UNOPS project staff assigned to the Benefit Sharing Fund will carry out the following tasks during their supervision missions:

- Compare achievements with the established targets
- Compare financial targets with delivery
- Cross-verifications, which involve comparing programmatic results, for a given period, with other sources of information such as financial

and inventory data
- Review recording of all transactions and balances
- Review and plan contracting of and disbursements of funds to implementing partners and suppliers
- Review financial statements
- Review the inventories
- Review audit reports and plan the implementation of the audit recommendations
- Review and plan procurement activities
- Discuss training needs of personnel and design a training plan
- Promote the exchange of knowledge with other countries
- Assist in the organization of regional training events
- A draft monitoring and supervision report is included as appendix 6

Example SGP:

In the SGP, evaluating project proposals is lead by the voluntary SGP National Steering Committee while SGP National Coordinator (NC) screens the proposals and helps communities with less capacity to develop proposals. The monitoring of approved grant projects is conducted by the local SGP staff. In addition to the field visits by the NC (at least 1 per year is prescribed), progress reports (financial and substantive) are subject to a mandatory desk review before any further payments can be released. Depending on the local situation, SGP stakeholders (including NSC members) and UNDP CO staff assist with monitoring activities.

## SECTION 3.2: FINANCIAL MANAGEMENT OF PROJECTS

As a UN organization, UNOPS participates in the development of a multi year revenue and budget plans (i.e., biennium support budget). The plan covers anticipated revenue and corporate expenditures for a two-year period, a required process and deliverable by the UNOPS Executive Board. Additionally, as a mechanism to course correct, UNOPS will also review revenue and expenditure projections on an annual basis. Upon review, if necessary adjustments to budget/resource allocations will be made on an annual basis. These planning processes demonstrate the forward-looking financial planning and budgeting aspects of the organization.

Evidence of the completed corporate budget is available on line at: http://www.undp.org/execbrd/adv2010-first.shtml

UNOPS has extensive experience in producing financial plans and budgets for donors. And in several cases UNOPS also acts as an implementing agency and/or oversight body responsible for the review of such plans.

The Enhanced Integrated Framework (EIF) is a multi donor trust fund, which currently receives contributions from various donors totaling over $250 million. UNOPS as the Trust Fund Manager (TFM) is responsible for the management of funds, disbursement of funds to recipients and in working with the Secretariat to produce financial reports documenting these activities. The ultimate role of UNOPS, as the TFM, is the assumption of fiduciary responsibility of the fund including assessments, approvals, supervision and monitoring. Through these activities UNOPS is actively involved in the development of financial plans and even more so in assuring that these plans are executed as envisioned.

**Financial Management Control**

The 2008/2009 biennium marks a financial turnaround for UNOPS. Positive results were delivered and the replenishment of the operational reserves was attained according to the targets set by the Executive Board. UNOPS has been given an unqualified audit opinion by the United Nations External Board of auditors.

UNOPS monitors its results continuously through the management workspace on the intranet which is interfaced with the Atlas Enterprise Resource Planning system (ERP). During 2009, the finance practice group performed monthly closure of sub-ledgers and quarterly closure of the general ledger. This improvement in financial reporting processes has resulted in increased data accuracy, completeness and timeliness of financial reporting and monitoring.

UNOPS has continued its drive to reduce the volume of cash transactions and to eliminate opportunities for fraud and theft. UNOPS has successfully retired the manual imprest account modality and replaced these accounts with more than 70 Atlas bank accounts. UNOPS is preparing to implement IPSAS (International Public Sector Accounting Standards) by January 2012 in harmony with UNDP & UNFPA who are sharing the same Atlas ERP. UNOPS is project managing the transition to IPSAS on the 'Prince2' project management methodology.

**Fund disbursement**

The Prince2 project management methodology allows UNOPS to manage and disburse funds efficiently and with safeguards to recipients on a timely basis.

Example SGP:
In particular the SGP is designed as a fast, friendly and transparent delivery mechanism. The management and disbursement of funds occurs through an online ERP and financial system – ATLAS. UNOPS adheres to an Internal Control Framework (ICF) which is integrated and reflected in the ATLAS system by ensuring clear segregation of duties, responsibilities and approval rights of the users. Subject to ATLAS being web-based, transactions, budget activities etc. can be viewed and further acted upon in real time by colleagues involved in these processes around the world. The UNOPS SGP Cluster has structured its budgets and its ATLAS processes in a way to allow quick yet transparent access to funds in the various participating countries. The established Internal Control Framework (ICF) remains as a baseline for these operations to ensure maximum possible control.

**Audit**

UNOPS is subject to, and is continuously, audited in accordance with external and internal auditing procedures laid down in its financial regulations and rules. UNOPS audit procedures are consistent with those of other UN organizations and can be summarised as follows:

- External audit is carried out exclusively by the United Nations Board of Auditors (UNBoA), the mandate of which is described in the United Nations financial regulations and rules. In addition to the audit findings, which are reflected in its management letters issued throughout a biennium cycle, the UNBoA issues and provides the UN General Assembly with a separate long-form audit report and an audit opinion on the financial statements of UNOPS at the end of each biennium period. (For more information concerning the UNBoA, please consult www.unsystem.org/auditors ). The UNOPS audited financial statements for each biennium are publicly available.

- Internal audit is carried out by the UNOPS Internal Audit and Investigations Group, the mandate of which is described in the UNOPS financial regulations and rules. Internal audit follows a risk-based approach to auditing and provides audit coverage of the organization's governance, management, financial, procurement, human resources and other operational activities, as well as its programmes and projects. As and when appropriate, the UNOPS Internal Audit and Investigations Group engages other auditors, such as professional auditing firms, to assist in internal audits.

- In addition to internal audit reports, which are issued regularly and directly to the UNOPS Executive Director and the United Nations Board of Auditors, an annual report containing key activities and significant audit findings is presented every year to its governing body, which is also the Executive Board of UNDP and UNFPA.

Example SGP:

The UNOPS SGP Cluster, in coordination with the UNOPS Internal Audit and Investigation Group (IAIG), has developed a comprehensive audit system for the SGP. This system is based on the following:

- Global major audit firm was selected and contracted – resulting in uniform reporting and familiarity of programme by designated professional auditors;
- Main basis for SGP audits are the UNOPS SGP SOPs;
- Each SGP country to be audited once per SGP cycle – resulting in approximately 40 country audits per year;
- Constant interaction between UNOPS SGP Cluster and auditors – resulting in prompt feedback loop and refinement of process as necessary;
- Utilization of available resources (i.e. UNOPS audit issue tracker system) to implement audit recommendations at HQ and country level in a standardized and organized manner, with regular overview updates on status.

**Reporting**

In the interest of full transparency, UNOPS posts all its financial transactions through its Information Disclosure mechanism on the Intranet. In addition, partners agencies will be able to view project specific reports through a secured, confidential Extranet. Naturally, UNOPS will therefore be able to make available any and all relevant financial reports in a timely manner to the International Plant Treaty.

**Procurement**

UNOPS is mandated to be "a central procurement resource for the United Nations system". In order to discharge this role with the highest levels of transparency and efficiency for the benefit of the UN and its partners, UNOPS has conducted wide-ranging reforms. These include stronger internal controls, new policies, a more efficient information sharing and knowledge capture system, the enforcement of accountability and extensive training of staff (see attached).

UNOPS, in its management of public funds, is expected to comply with regulations, rules and public procurement principles. With years of experience delivering highly sensitive projects in politically charged environments, UNOPS has a strong focus on speed and flexibility. It is an essential element of projects that procurement deliver on time in logistically and politically challenging environments. Whilst maintaining a focus on flexibility and speed, UNOPS also maintain the highest standards of public accountability and transparency.

In view of this UNOPS has established 4 basic procurement principles:

- Best value for money,
- Fairness, integrity and transparency;
- Effective competition; and,
- Best interests of UNOPS and its partners.

Another important way in which UNOPS prepares for its projects in advance is by

negotiating long-term agreements (LTAs) or framework contracts with selected suppliers. Typically, these LTAs involve advance agreement on prices and delivery times for specific models of different products, thereby significantly increasing the speed of procurement

In order to facilitate its procurement activities, UNOPS has created an on-line, procurement system known as "UN Web Buy" (see www.unwebbuy.com). [1] UNWB is a genuine e-Procurement system that provides e-Tendering, transactional procurement, contract management, and logistics support. UNWB facilitates establishment of system contracts through its e-Tendering module and converts e-Tendering results onto online catalogues via its generic catalogue module.

## Sustainable procurement

UNOPS recognizes that in its role as a world class provider of procurement services it must ensure that environmental, social as well as economic aspects are taken into consideration throughout all stages of the procurement process. Sustainable procurement is embedded in the organization's procurement strategy. UNOPS will shortly feature a service line based on sustainable procurement.

UNOPS, along with UNEP, has been a lead agency in the High Level Committee on Management sub-working Group on Procurement and has developed guidance, resource materials and training courses on sustainable procurement.

UNOPS conducted a series of sustainable procurement training courses for its personnel.

## Capacity development in least developed and developing countries

UNOPS has entered a partnership with the Chartered Institute of Purchasing and Supply (CIPS) to jointly develop strategic procurement and supply chain capacity development solutions for least developed and developing countries.


# SECTION IV: STRATEGIC DEVELOPMENT OF THE BENEFIT-SHARING FUND

Delivery of international development assistance has rapidly evolved in recent years. The Paris Declaration on Aid Effectiveness promotes the principle of national ownership and leadership. Bilateral and multilateral assistance is therefore increasingly reaching developing country governments as direct budgetary support.

At the same time the international community is channelling more funding via pooled resources. These typically take the form of various multi-donor trust funds that can address trans-border issues – such as initiatives on environment or health – or individual country needs. Throughout this change in focus the demand for accountability has grown on the part of donors and recipients alike.

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[1] The system was originally created by UNDP-IAPSO beginning in 1999. But both the ICT team that developed UNWB and the transactional procurement team using it have been part of UNOPS since the merger of IAPSO with UNOPS in January 2008. UNOPS also hosts the United Nations Global Marketplace (UNGM), which is an online register of suppliers to the United Nations (go to www.ungm.org).

In September 2009 the Executive Board which provides oversight and governance to UNOPS as well as to UNDP, UNFPA and other smaller agencies, recognized the potential for value-adding contributions that UNOPS can make in providing efficient, cost-effective services to development partners in financial management.

In line with UNOPS mission – to expand the capacity of the UN system and its partners – UNOPS administers multi-donor trust funds in its mandated areas and in close coordination with other relevant UN partners.

Specific tasks, performed together or separately based on partner wishes, include:

- Supervise and/or support administration of donor grants or loans implemented by national authorities or international organizations;
- Carry out capacity assessments of implementing partners;
- Ensure timely, transparent fund disbursements; and
- Support the development of national implementation capacity.

In the case of the International Plant Treaty, UNOPS would be a partner whose identity would be second to that of the Treaty. In other words, the mandate of UNOPS is to provide support, to bolster systems, to remove risk and administrative burdens so the Treaty Secretariat can direct its attention to substantive matters. With its presence in the field and its ability to imbed its personnel in ministries and other partners, UNOPS can provide very hands-on, sustainable capacity building support to the recipients of the Benefit-Sharing Fund while providing, as required, essential implementation capacity to ensure that funds received by beneficiaries are properly spent.

In short, the strategic advantages of UNOPS to the development of the Benefit-Sharing Fund are as follows:

- UNOPS operates as a fully self-financed provider of implementation services. This promotes efficiency and financial discipline. As a not-for-profit organization it is motivated only to meet the expectations of partners.
- UNOPS is a United Nations organization with membership and active participation in UN Country Teams and the UN Security Management Teams in the field. This enables a high level of co-ordination between different aid providers and implementation agencies on the ground, and avoids duplication and the wasting of resources.
- During periods of conflict or crisis UNOPS maintains a physical presence on the ground and promotes the ownership and engagement of governments and local communities.
- While partners may need a public profile for fundraising or advocacy, UNOPS does not and takes a low-key position as a service provider.
- UNOPS extensive experience and proven track record in its focus areas allows partners to enjoy the benefits of specialization, shared knowledge and economies of scale.
- UNOPS transparent, accountable management services meet the highest international standards. Partners are assured consistent performance to agreed standards of quality, timeliness and cost, and safeguards against implementation risk.

- UNOPS is a recognized and respected name in project management and implementation. As such, partnering with UNOPS gives donors confidence that resources will be spent properly.

SGP example:

The SGP is already partnering with a number of organizations, either through co-financing, sharing knowledge etc. These partnerships involve entities such as AusAID, NZAID, PEMSEA, UNEP. The SGP modality, in its flexible set-up, allows for innovative approaches for new partnerships and replication of the existing structure for parallel funding opportunities, making it ideal for the Benefit-Sharing Fund whose reach and range of partners is not fully known at this time.

The SGP is a corporate programme of the Global Environment Facility (GEF) which is governed by the GEF Council of its member states and head by the GEF Secretariat. Its mandate is to create global environmental benefits in at least one of the five focal areas – Climate Change, Biodiversity, Land Degradation, International Waters and Persistent Organic Pollutants (POPs). In addition aspects such as gender equality, sustainable livelihood, health, etc. are addressed in SGP grant projects. Thereby, the SGP is contributing to a number of the MDGs. There are certainly a number of opportunities for strategic cooperation with the Benefit-Sharing Fund, in particular in the area of transformation and cross-cutting agendas.

Co-financing of Projects, SGP example:

The SGP has a mandate to generate co-financing on the global, regional and local level. This can be in the form of general contributions for SGP activities or grant project specific co-financing (in cash and in kind). In many instances SGP funds are co-financing grant projects that receive their main funding from other sources.

# SMALL GRANTS PROGRAMME (SGP)

# STANDARD OPERATING PROCEDURES (SOP)

# MANUAL

## List of Acronyms

| | |
|---|---|
| BU | Business Unit |
| CBA | Community-based Adaptation |
| CBO | Community-based Organization |
| CO | Country Office |
| COA | Chart of Account (Atlas) |
| COB | Country Operating Budget |
| CPMT | Central Programme Management Team |
| CPS | Country Programme Strategy |
| DOA | Delegation of Authority |
| ERP | Enterprise Resource Planning (Atlas) |
| FTA | Fixed-Term Appointments |
| GEF | Global Environment Facility |
| GLJE | General Ledger Journal Entry |
| ICF | Internal Control Framework |
| LOA | Letter of Agreement |
| MOA | Memorandum of Agreement |
| MOSS | Minimum Operating Security Standards |
| MOU | Memorandum of Understanding |
| NAO | (UNOPS) North America Office |
| NC | National Coordinator |
| NFP | National Focal Person |
| NGO | Non-governmental Organization |
| NHI | National Host Institution |
| NSC | National Steering Committee |
| OP | Operational Phase |
| PA | Programme Assistant |
| PO | Purchase Order (Atlas) |
| PRINCE2 | Projects In Controlled Environments 2 |
| REQ | Requisition (Atlas) |
| RR (Res. Rep.) | Resident Representative |
| SC | Service Contracts |
| SOP | Standard Operating Procedures |
| SGC | Small Grants Cluster (The UNOPS NAO SGP team) |

| SGP | GEF Small Grants Programme |
|---|---|
| SSA | Special Service Agreement |
| TOR | Terms of Reference |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| UNDSS | United Nations Department of Safety and Security |
| UNOPS | United Nations Office for Project Services |

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## **Chapter 1: Introduction – Background and Objectives – Why are we doing this?**

**Background:**

Because of its overall success, the Global Environment Facility (GEF) Small Grants Programme (SGP) is developing as a global program with fast regional expansion. This results in constant pressure to increase cost-efficiency and implement effective new GEF policies. Therefore, it is inevitable and important that the SGP's principle daily operations need to be regularly updated in this Standard Operating Procedure (SOP) Manual which is a "living document". It is another simple fact that because of the constantly changing environment the *"status quo" approach is not an option*. Therefore, we all need to be able to adopt our skills to meet project and financial management requirements on all levels. Learning and improving is an "ongoing process" and everybody is responsible for this. It is important to keep in mind:

> *The accurate financial management and accountability of the SGP country operations is the essential basis and foundation for a successful programme.*

**Main Goal:**

This SOP Manual is intended to consolidate proven "best practices" and existing standard procedures in order to document them as reference document. It should constitute a "user-friendly" handbook for all SGP practitioners. This includes comprehensive "quick-fix" instructions wherever possible, highlighting Frequently Asked Questions (FAQ), illustrating the necessary steps in simple workflow charts and offering a direct linkage to the UNOPS-SGP document template platform for necessary actions. The last point shall prevent the potential usage of older, outdated template versions.

**Priority Objective:**

It shall result in a better understanding of the main applicable operational issues and roles of the different SGP partners involved. The purpose is to clarify and update existing procedures and workflows between the SGP Country Team [National Coordinator (NC), Programme Assistant (PA)], UNOPS and the UNDP-Country Offices (CO), plus the Central Programme Management Team (CPMT) as the overall oversight body of the GEF-SGP on the global level.

*Exceptions to SOP policies should be justified through documentation including communication reflecting the endorsement of UNOPS/CPMT*

# Chapter 2: Main SGP Structure / UNOPS Overview

The below principle SGP operational structure shows the simplified reporting lines and links of the decentralized framework. It illustrates who each department will have most contact and communication with:

```
                        ┌─────────────────────────────┐
                        │            GEF              │
                        │        - Council            │
                        │        - Secretariat        │
                        │   - SGP Steering Committee  │
                        └─────────────────────────────┘
                                    UNDP-GEF

        CPMT                                        UNOPS

  National Steering            NC / PA SGP              UNDP-CO
  Committee (NSC)              Country Team

                         CBO / NGO - Grantees
```
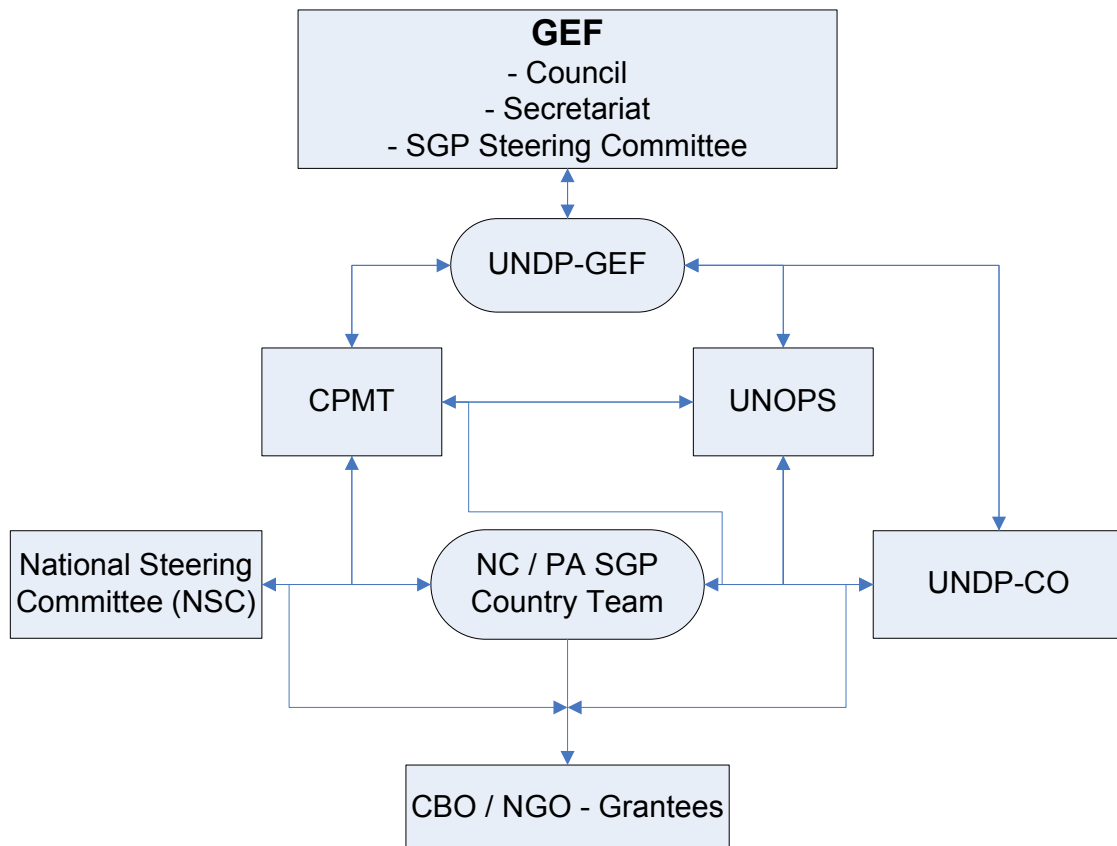
The SGP country team [National Coordinator (NC) / Programme Assistant (PA)] represents an important part in ensuring SGP success in each country – by fulfilling several very important functions in the decentralized framework.

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*Working closely with all partners is the key.*

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Quick Facts on UNOPS-SGP: Between 1992 and mid 2010, UNOPS has managed more than 12,800 GEF-SGP grants covering 124 countries across Africa, Asia, Europe, Latin America & Caribbean, and the Middle East/Arab States, and the project portfolio continues to grow. The

UNOPS tailored service-package for the SGP aims to ensure that the program is executed in a timely and cost-efficient manner, providing a neutral financial oversight layer and systematic control framework integrated with UNDP. More directly, the North America Office (NAO) of UNOPS is providing the following programme execution services:

- <u>Financial project management</u> – budget administration, planning and reporting.

- <u>HR/ Project personnel recruitments</u> – recruitment of all 200 national and global (CPMT) personnel. This includes assessment of performance and contract issues.

- <u>Procurement of Equipment & Services</u> – standard subcontracting and provision of equipment purchases. This includes subcontracts with host-NGOs (National Host Institutions, NHI) in several countries.

- <u>Provision of Legal Advice</u> – standard and ad-hoc advice of legality concerns related to SGP contracts, agreements, and related aspects. This also includes guidance on ethical and proper conduct issues.

- <u>Internal Oversight/Audit</u> – provision of standardized internal audits following international audit standards. This also includes special review and investigating tasks (through financial database systems) whenever necessary.

- <u>Operational Training & Trouble-shooting</u> – provision of procedural guidelines and operational instructions in line with relevant Standard Operating Procedures (SOP) and financial database knowledge management. This includes the constant review of existing process standards with the aim to improve, streamline and systematize them in the interest of "best practices" and cost-effectiveness.

- <u>Ad-hoc Support</u> – Inputs and support to a variety of exercises conducted by the Central Programme Management Team (CPMT).

**This is the current UNOPS-NAO-SGP Team and their assigned Focal Areas and Regions:**

| NAME / TITLE | PRACTICE / FOCAL AREA | REGION | EMAIL |
|---|---|---|---|
| **Philipp von Waechter**<br>SGP Cluster Manager | Supervision & Guidance / Quality Assurance | South-East AFRICA / Pacific | PhilippVW@unops.org |
| **Markus Schnall**<br>Assoc. Portfolio Manager | Legal / Sub-Programmes | ASIA | MarkusS@unops.org |
| **Kristoffer Kappy**<br>Assoc. Portfolio Manager | Finance / Atlas | | KristofferK@unops.org |
| **Sasha Logie**<br>Assoc. Portfolio Manager | HR | EUROPE & CIS /<br>ARAB STATES | SashaL@unops.org |
| **David Daepp**<br>Assoc. Portfolio Manager | Procurement & Audit Supervision | LATIN AMERICA & CARIBBEAN | DavidDA@unops.org |
| **Edriss Riffat**<br>Assoc. Portfolio Manager | Database Management & IT | West AFRICA | EdrissR@unops.org |

# Chapter 3: New Country Start-up Basics – NC Introduction Letter

Welcome to the GEF Small Grants Programme (SGP) family. This chapter shall provide every new SGP personnel [National Coordinator (NC), Programme Assistant (PA)] and new participating country with some useful start-up guidance information for the initial stage. In addition to the basic SGP Operational Guidelines this brief introduction is part of the Standard Operating Procedure (SOP) Manual.

**Priority Agenda:**

Relationship with the UNDP Country Office:

- It is very important to establish strong links with the UNDP-CO staff.
- This relationship will be based on a clear understanding of each side's role and responsibilities.
- The SGP Operational Guidelines and the SOP manual can assist for the main definitions and explanations.

Financial Management: The financial management of the SGP-programme is the foundation for a successful programme.

Establishing UNOPS email/intranet access & password: UNOPS HR will send a personalized email address and password to new personnel. This information should be retained and understood as imperative for operations. This includes Atlas access for each new personnel.

Forgotten Username and/or Password: The standard format for UNOPS usernames is usually the user's first name followed by the first letter of their last name. Use the forgotten password feature to retrieve lost or forgotten passwords.

Maintaining proper records: The new NC/PA must establish very clear accounting and monitoring systems to maintain proper records of all funds. This is needed for admin costs (processed by the UNDP-CO based on UNOPS authorization through Atlas Requisition[6]) as well as grant funds (processed by the UNDP-CO based on UNOPS authorizations through Atlas Purchase Orders[7]).

Atlas Project ID (SGP Country): As the Executing Agency for SGP, UNOPS has established in Atlas the project ……/SGP/OP4 (project-ID: ………) under UNOPS Business Unit. This Atlas project-ID identifies your country program in the accounts. The Atlas project ID needs to be used for all related expenditures of the SGP operations. For example the project description of Kenya is 'KEN/SGP/OP4' and the project-ID is '57277'.

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[6] Atlas Requisition (REQ) is equivalent to 'pre-encumbrance' of amount to be firmly obligated (in Atlas PO) and processed (in Atlas Voucher) at later stage.

[7] Atlas Purchase Order (PO) is equivalent to "obligation" of amount.

Atlas Access: In order to carry out operational tasks in ATLAS (vendors, REQs, POs, Receipts, Reports, etc.) you will need to request access from KristofferK@unops.org. You will then receive a message from the UNOPS Atlas Security Team with a username and password. **PLEASE NOTE THIS USERNAME AND PASSWORD DOWN FOR SAFE-KEEPING.** If you forget your password, please click the "Forgotten Password" link on the Atlas login page to have a new temporary password sent to your UNOPS.ORG email account.

Atlas Training: While the (free) UNDP introduction training courses may vary in different countries we can only stress that it is very important to become proficient with the financial ERP system called Atlas. Atlas training can be accessed directly through the UNDP ON-DEMAND training website, indicated below with username and password.

> Website: http://ondemandweb.undp.org/ondemandproduction/ondemandwebportal/
>
> Username: intra.portal
>
> Password: Intra4UNOPS (case-sensitive)

The purpose of this training is to understand and be able to create both Atlas POs and vendors. Detailed guidelines for the various Atlas tasks can be found in the links provided in Chapter 4 below.

**Start up Country Operating Budget (COB):**
1. The Country Operating Budget (COB) proposal is created in a template Excel sheet (**LINK – to the "COB Template – July 2010"**).The new NC shall complete the necessary cost details and estimated items required for the SGP office to be able to function for the period ending on 30 June of the next year. UNOPS will review the COB proposal and if acceptable proceed with the UNOPS Admin REQ authorization.
2. While there is no SGP wide cost breakdown as every country has specific cost conditions, UNOPS would like to provide the following overall advice and guidance on the admin set-up process so that the new NC would know on what basis the COB sheet will be reviewed:

- It is critical to remain on very low budget, prepare cost comparisons (at least 3 price offers for items over US$ 2,500 – maintain them properly documented), and "be creative" when reviewing various options. The following principle list of items is for the new SGP country programme set-up:
- one desk and office chair for the NC [plus one for the PA if also recruited]
- an appropriate number of shelves/filing cabinets,
- table and chairs for a meeting area (only if it is not possible to share this equipment with the UNDP-CO/hosting institution),
- one computer (desktop/laptop) for the NC [plus one for the PA if also recruited]
- one digital camera (specifications are standardized for the entire programme),
- one projector and set of webcam, headphone, microphone equipment (only if it is not possible to share this equipment with UNDP-CO/hosting institution)
- one printer,
- one scanner (only if it is not possible to share this equipment with UNDP-CO/hosting institution),
- one photocopy machine (when it is not possible to share this equipment with UNDP-CO/hosting institution)

The Small Grants Programme (SGP) wants to use as much as possible of its funding for getting results through disbursing grants for specific grant projects. This is why the administrative costs shall be kept at lowest possible limit. In view of the effort to keep the admin budget low, UNOPS and CPMT would

encourage every new SGP country to explore the possibilities of sharing most items with the UNDP-CO or the NGO as the hosting institution or to try to obtain some items from other sources on second-hand basis for no (or reduced) costs, provided that they are in good condition. Examples are usually some furniture items and other non-technical (IT) equipment items. Upon purchase or receipt of any new equipment it is important to immediately arrange for insurance coverage for theft and accidents, the premium will be covered and needs to be budgeted for in the COB (under ACTIVITY 10- Sundry, Account 74505).

**Orientation Visit / Start-up training by Senior NC:**

It has been practice to allow for a newly recruited National Coordinator to visit a senior experienced program in the region for a first hand experience, orientation and training. Based on cost and time consideration either a senior or experienced NC from the region will travel to visit the new NC to help establish the new country program or the newly recruited NC will visit an established SGP country. The latter is usually preferred. This activity normally takes place during the initial 3 months after the recruitment. The steps to be followed are:
1) Arrange with CPMT and the (mentor) senior NC of the region for suitable dates of the training visit.
2) Estimate related costs and request approval and travel authorization from UNOPS. These costs will be separate from the COB allocation.
3) Prepare training plan with the senior NC including contacting the different stakeholders etc.
4)  Upon completion of the visit send a report to CPMT and UNOPS.

**SGP Office Premises – Hosting Arrangements:**

The SGP office can be housed at the UN(DP) premises, commercially leased premises or in a host-institution (National Host Institution - NHI). While the location of the office is generally discussed and recommendations are made at the time of the country appraisal start up mission, the case is reviewed and a final decision is made once the NC is recruited. The majority of SGP offices are located within UNDP premises.  **LINK** – to UNDP Hosting & Common Services MOU (> Chapter 7 …). If the SGP is to be housed in commercially leased premises the following criteria will guide in the choice of a suitable location:
• reasonable rent,
• adequate working space that doesn't require major remodeling,
• proximity to the UNDP CO,
• security of the town location and of the premises. This includes compliance with MOSS (Minimum Operating Security Standards)
• availability of reliable supply of electricity and, water, telephone lines, high-speed Internet, and of a conference room.

The lease agreement with the commercial contractor will be negotiated locally and the draft terms of the contract need to be cleared with the UNOPS legal section prior to signature by the UNDP RR on behalf of UNOPS and the leasing company or institution or individual. A sample draft lease agreement is herewith attached (**LINK** - Model Lease Agreement  UNOPS Legal).

**Security Training:**

Upon recruitment, all SGP personnel - international and national (Fixed-term, Service Contract or SSA contract holders) are required to complete the UN training course called "Basic security in the field". This is a non-negotiable requirement of all UN entities and their personnel. The UNDP COs usually has a CD-ROM that can be used to take the course. Otherwise the training is accessible at: UNOPS Intranet. Upon

completion the new SGP personnel should send a scanned copy (or fax) of the "Certificate of Completion" to the UNOPS SGP HR Focal Person Mr. Sasha Logie (E-mail: SashaL@unops.org )

**Minimum Operating Security Standards (MOSS):**

MOSS is a fundamental policy requirement for all United Nations field operations. It was developed in response to threat and risks faced by United Nations personnel and operations to ensure that minimal essential security practices and procedures are established and equipment and physical resources are available to mitigate risk.

SGP country programmes are required to be in compliance with MOSS. All SGP office premises should be assessed for MOSS compliance by the local UNDSS (UN Department of Safety and Security) security advisor. If an office does not comply with MOSS, the NC must consult UNDSS on what upgrades are required. Upgrades should be purchased in accordance with the procurement guidelines in Chapter 6, and the NC must notify UNOPS of the required budget before any purchases are made. SGP offices hosted by UNDP COs or other UN entities may already be in MOSS compliant office premises.

The level of MOSS requirements is linked to the UNDSS security phase rating for a country or region. The security phase rating is not fixed and can increase or decrease in accordance with changing security conditions. Therefore, SGP personnel should be aware of any increases in a country security phase, as this may require an upgrade of security measures.

For more information, please refer to (**LINK** – UNOPS Intranet Safety & Security) and UNDSS.

**Local Transportation Practice:**

In most countries, the NC can fulfill all job obligations, including field project visits, with public or rented transportation (taxis, rental cars, buses, trains, air); these transportation costs are reimbursed by the administrative budget line for travel. The use of personal cars is a viable option of a program in those countries where UNDP CO policy allows this arrangement. Another option is to negotiate the use of one of the UNDP car pool vehicles for trips outside town and refund the cost of the use and driver DSA. In case the NC is extensively using a personal car for official purposes, both fuel and usage costs are reimbursable. However, the use of the COB travel budget shall usually be used only for monitoring field trips. Some country programmes opt for subcontracting private car services as needed which may include vehicle, driver and petrol. Others have secured the donation of a vehicle from another donor or the UNDP CO.

While planning and organizing travel, it is important to keep the costs as low as possible, while allowing for efficiency of the work and taking into account the security elements. It is often advisable to join other UNDP field visit teams traveling to the same regions and share the transportation costs. (**LINK** – to Driving Safety Doc AI)

> *As a basic requirement to launch grant making process, a Country Programme Strategy (CPS) needs to be reviewed and approved by CPMT.*

## Chapter 4: SGP FINANCE: Process & Basics – Grants / Administrative

### 4.1    GRANT PROCESS

**Grant Process**

| Process | Project Aprroval | MOA Issuance | SGP Database | Atlas PO Creation | PO Notification Form | Atlas PO Review/Ap proval |
|---|---|---|---|---|---|---|
| Who? | NSC | NC/PA UNDP CO RR, Grantee | NC/PA | NC/PA | NC/PA | UNOPS |
| What? | Review and approves grant project proposals | NC prepares MOA, RR/ Grantee sign it | Enters all financial data of new project, uploads signed MOA and NSC Grant Approval list | Creates and saves Atlas PO for the the current year's planned payments (as per MOA) | Completes PO form in full and sends to UNOPS | Revies and approves PO in Atlas / sends PO justification to UNDP CO |

### 4.1.1    National Steering Committee (NSC) Approval

It is the NSC meeting (and its specific date) that determines the approval of a proposed SGP grant project. The output of this meeting is a properly formulated Grant Approval List and minutes of the meeting. The date of this meeting event serves as the "time-stamp" for the actual grant commitment. This needs to be understood in order to properly determine which grant allocation the commitment belongs to. Every fully (unconditionally) approved grant project constitutes a grant commitment that needs to be "charged" or deducted from an authorized grant allocation for the same SGP Operational Phase (OP).

*Each OP Year begins on 1 July and ends on 30 June.*

*For Example: A grant approved in an NSC Meeting that was held on 30 June 2009 will be counted against the OP4 Year 2 grant allocation. Whereas, a grant approved in an NSC Meeting that was held on 1 July 2009 will be counted against the OP4 Year 3 grant allocation.*

Grant proposals that are approved by the NSC with conditions should remain the exception rather than the norm. Once the conditions for such cases are met, the grant proposal then becomes a fully approved project. However, it is the OP Year of that initial/conditional approval that determines the appropriate allocation to deduct the full commitment from. It is recommended to set a realistic

deadline for the conditions to be met within the same operational phase. Final approvals on conditional proposals must occur within the same operational phase; otherwise the amount will need to be deducted from or pipelined for the subsequent OP allocation.


**Fungibility:**

In the event that the grant allocation of a given OP Year is not fully committed, the balance can still be committed in the following Year(s) within the same OP. However, the NSC Meeting commitment "time-stamp" will still be the determining factor for the purpose of database entry and MOA project numbering. While this may result in the appearance of an over-commitment in subsequent OP Year(s), the cumulative OP grant allocation shall not be exceeded.

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*The total grant commitments shall NOT exceed the total grant allocation of a given operational phase.*

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If the total grant allocation is not fully committed within the assigned operational phase, the uncommitted balance will return to the global budget.


**NSC Meeting Output:**

The SGP country team [i.e. National Coordinator (NC) / Programme Assistant (PA)] should prepare the following before each NSC meeting:

- A proposed list of potential grantees;
- Clear project descriptions for each proposal;
- Proposed grant amount; and
- A budget breakdown in US Dollars (US$) to be funded by GEF/SGP.


By the end of the NSC meeting the list of approved grantees needs to be updated in order to act as the NSC Meeting's Grant Approval List. This list shall contain all critical information on each project grant approved during that meeting. The NSC participants shall immediately sign this Grant Approval List at the conclusion of the **same** meeting. This simple list should be in English. The full detailed NSC meeting minutes which capture several other SGP related issues may be finalized and signed at a later stage. The more elaborate NSC meeting minutes are not essential for the grant process.


The standard limit for grant commitment for a single beneficiary is US$ 50,000 within (under) one SGP operational phase (i.e. OP3, OP4, OP5). It is important to keep a historical record on all SGP grantees, and present this at the NSC meeting. This will help to ensure that the total amount approved for a given grantee would not exceed this US$ 50,000 limit.


**Planning grants** up to US$ 5,000 can be approved by the NC of that country programme. Since the idea of the planning grant is to lead to a full-scale project grant, the amount approved for the planning grant is counted as part of the US$ 50,000 limit per beneficiary.


**4.1.2       Memorandum of Agreement (MOA) Issuance**

The Memorandum of Agreement (MOA) represents the written legal and financial obligation between the grant beneficiary and UNOPS. (**LINK** – to Chapter 7.1 – MOA as Legal Document)

The recommended payment schedule in the MOA shall present a total of three to five total payments. The first payment should usually not be more than 35% of the total grant amount. Exceptions to the 35% "rule" need to be justified <u>and</u> documented and should be communicated to CPMT/UNOPS prior to finalization of the MOA. Each payment needs to have a payment date (<u>Month/Year format</u>) and be in line with the grant project work plan. While it is always possible for the submission of progress and financial reports to be delayed by the grantee, **<u>the NC should always agree with the grantee on realistic payment dates</u>.** This will reduce the need for an MOA Amendment in the future.

**MOA Amendment: (LINK** – "Basic MOA Amendment"**)**

MOA Amendments become necessary for the following <u>finance-related</u> reasons:

- The total amount of the MOA increases or decreases during the grant project cycle.
- The individual grant payment installments increase or decrease during the grant project cycle.
- The project work plan becomes altered for whatever reason and therefore alters the entire grant project's duration and/or payment schedule.

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***IMPORTANT NOTE!*** *– It is absolutely necessary for the NC to receive the appropriate progress and financial reports from the grantee. However, the MOA does <u>NOT</u> require an amendment if the submission of these reports is delayed. The **grant project activities** are the deciding factor to determine if an MOA needs to be amended. Only actual delays of grant activities need to be reflected in changes of the MOA payment schedule and the grant project work plan. For more specific queries on MOA amendments the following MOA amendment guidance note can be consulted (**LINK –** to the "Basic MOA Amendment").*

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When an amendment to an MOA is issued, it is important to realize that each MOA is connected to various Purchase Orders (POs) in Atlas. Therefore, it is the responsibility of the National Coordinator to make the appropriate alterations in Atlas when an MOA amendment occurs. In case of related queries, it is advisable to contact the UNOPS-SGP Finance/ATLAS focal person for any necessary assistance.

**MOA Project Numbering System:**

It is absolutely important to properly assign each new grant project with a numbering sequence to serve as clear identification for that specific SGP grant project. It is even more important for the NC/PA to remain consistent in the manner in which s/he assigns these numbers to new grant projects. Please see the proper sequence below:

***Three-letter country code* / *the funding source (SGP)* / *the SGP operational phase* / *the allocation year of the OP* / *CORE or RAF or STAR* / *calendar year (reflecting date when NSC approved the project)* / *number project approved in that OP Year***

*For example*: The seventh grant project that was approved against the GEF Core allocation for the SGP in Albania, in an NSC meeting that was held on 17 March 2010 would have the following MOA project number:


***ALB/SGP/OP4/Y3/CORE/2010/07***


**SGP Database:**

Since July 2007, UNOPS made it mandatory for all new grant MOAs to properly have its financial data (including the planned disbursement dates and amounts) entered into the SGP Database (**LINK** – the SGP Database). In addition, the actual MOA (including any amendments) and the signed NSC Meeting Grant Approval List need to be uploaded to the appropriate database project entry (**LINK** – "SGP Projects Database - Uploading Files – July 2010"). The expected timeframe for any database entries (including the uploading of relevant documents) should be finalized within 14 days.  The same is true for any changes regarding a particular grant project (i.e. NSC decision minutes/summary, MOA amendments, revised payment schedule, grant termination letter, etc.). UNOPS will not be permitted to authorize the release of the first payment of any newly signed MOA unless this is done. It is the duty of the NC/PA to ensure this before submitting any new grant PO notification/payment request to UNOPS.


In case of any problems in accessing the SGP Database, entering data or uploading documents it is advised to directly contact the designated CPMT Knowledge Manager / Database Facilitator.

### 4.1.3        Atlas Purchase Order & UNOPS Notification


**Atlas Vendor Creation:**

The approval of the grant beneficiary's vendor profile in the Atlas system is necessary for the creation of a Purchase Order (PO) later on. Thus, in order to expedite the future payment process, the NC/PA should complete the appropriate vendor form (**LINK – as** "Grantee Vendor Form") and create the actual vendor profile in Atlas, including banking information, (**LINK** – Atlas Guide "How to create a Vendor in Atlas – July 2010") at the time of the grant project's NSC approval. Then the form should be sent only to UNOPS for approval (within 48 hours) so this will not delay the Purchase Order creation. All new vendors need to be created in the UNOPS BU. The UNDP CO should not approve any new vendors in this BU. Please note the importance of providing the correct and valid bank details in the form and actual Atlas profile, as this will avoid any future delays in the actual bank transfer process.


**Atlas Purchase Order Creation / Grant PO Notification:**

Once the grantee vendor profile is approved in Atlas, the NC/PA can now create the actual Purchase Order (PO) in the system (**LINK** – Atlas Guide "How to create a Purchase Order in Atlas – July 2010"). This should be done in parallel with the database entry. A PO serves as an obligation of Atlas funds (thereby automatically decreasing the available Atlas budget) that have been legally committed through an MOA. The PO can only contain grant payments for the current calendar year (according to the MOA payment schedule). **The NC/PA is responsible for not duplicating the same scheduled grant payments in multiple Atlas POs or Vouchers.** Non-compliance with this causes incorrect budgeting for future grant payments. The same applies to the SGP database. **All grant POs are to be created in US Dollars, in order to mirror the actual MOA.**

Once the PO is properly created in Atlas, the NC/PA needs to prepare the Grant Notification Form for submission to UNOPS (**LINK** – "SGP Grant PO Notification Form – July 2010"). It is important that this form is correctly and completely filled out. The text in this form shall not be altered without prior authorization from UNOPS. Only this PO notification form should then be sent to UNOPS via e-mail for review and approval.

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*NEW! - All grant PO Notifications must always be copied to the designated UNOPS payment mailbox: sgp.payments@unops.org. This will ensure systematic monitoring, timely review and processing of all incoming payment requests, usually within 2-3 days.*

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**UNOPS Review and Approval:**

After receiving the Grant PO Notification, UNOPS will then review all of the following:

- All database entries in order to check if the necessary financial information is entered as per signed MOA;
- All necessary documents are uploaded in the database entry:
    - The MOA (and any amendments);
    - The signed NSC Meeting Grants Approval List;
- The Atlas Purchase Order(s);
- The UNOPS Grant Notification Form.

If all of the above is found to be correct, complete and satisfactory, UNOPS will approve the appropriate Purchase Orders in Atlas and send the signed grant PO notification to the respective UNDP CO, with copy to the NC/PA, for processing of the related grant disbursements at the local level.

In order to ensure the "cleanest" possible expenditure data in Atlas, the following helpful guides should be consulted to assist you:

- Atlas Project Information (**LINK – "SGC UNOPS Atlas Project Info Guide – July 2010"**);
- Atlas Chart of Accounts (COA) (**LINK – "Atlas COA Guide – July 2010"**);
- Atlas SGP Administrative ACTIVITY IDs and Accounts (**LINK – "SGP OP4 Admin Activity-Account Guide – July 2010"**).

### 4.1.4 Disbursement at the Local Level

Based on the above, the UNDP CO, or NC/PA, is authorized by UNOPS to create a receipt (**LINK to "How to create a Receipt in Atlas – July 2010"**) for every grant PO in Atlas and associate it with a voucher for each disbursement. As stipulated in Section 4.2 of the MOA, all grant vouchers will be manually converted to the local currency amount by the UNDP CO. The exchange rate to use for each grant payment corresponds to the month/year when the planned installment is cleared for disbursement to the grantee. As stated in the UNOPS PO notification, the NC certifies that the progress/financial reports submitted by the grantee are in line with the MOA. The NC submits the necessary supporting documents (invoice, reports, etc.) to the UNDP CO for release of the next

grant installment. The NC/PA is responsible to update the SGP database financial data ("planned disbursement") with the actual US Dollar equivalent payment from Atlas.

### 4.1.5      Returning Funds to the Project Budget in Atlas (Grants or Admin)

Should it be necessary to return funds (grant or administrative) to the Atlas project budget, please use the following steps as a guide to do so:

1. The vendor (private or grantee) should write a check to UNOPS or UNDP and request the UNDP CO to deposit the amount in Atlas crediting the exact same COA that was indicated in the initial disbursement voucher. This will "cancel out" the expenditure.
2. Once UNOPS is able to confirm the correct deposit in Atlas, the funds will be made available again via a new PO or Admin Requisition.

As stated in Section 5.4 of the MOA, "*All funds which remain unutilized after completion of grant activities shall be promptly returned by the local NGO to UNOPS…*"

Please consult Chapter 7 on the necessary legal steps that need to be followed in the event that a grantee is returning funds to UNOPS.

### 4.2      ADMINISTRATIVE PROCESS

## Admin Process

| Process | COB Proposal | Review / approve COB | Create / Approve Admin REQ | Create PO source from Admin REQ | PO Approval | Disbursmement to Vendor |
|---|---|---|---|---|---|---|
| Who? | NC | UNOPS/CPMT | UNOPS | NC/PA | UNDP CO | NC/PA UNDP CO |
| What? | Proposes COB for OP Year using the COB tempalte | UNOPS reviews based on standard criteria, for CPMT approval | Prepares two (2) Admin REQ per OP year based on approved COB | UPON vendor approval PO is copied from Admin REQ using the Sourcing Instruction | Approves PO based on Internal Control Framework (ICF) | NC/PA verifies due payment with docs and received PO; UNDP associates with voucher |

### 4.2.1    COB Proposal & Review

The Country Operating Budget (COB) is meant to provide all administrative support to the SGP country programme (**LINK** – "SGP COB Memo for OP4 Extension – July 2010"). It is the responsibility of the NC to budget accordingly while providing the necessary justifications for each item using the COB template (**LINK** – "COB Template – July 2010"). These administrative expense justifications are supposed to support the breakdown of costs for the entire SGP OP Year by ACTIVITY in that country. The request also needs to relate to the local programme's annual work plan drawn for that particular OP Year. The COB Proposal is reviewed by UNOPS and CPMT for final approval. The following aspects are considered during the review process:

- Prior year's approved COB and actual expenditures;
- COB justification / country performance (grant commitment rate);
- Any country-specific situations;
- Overall requirement to match the admin budget limits outlined in the GEF/SGP Project Document.

Within the same OP Year, balances from the first 6 months (1st Admin REQ: July - December) will be carried over to the second six months (2nd Admin REQ: January - June). This will be done by UNOPS upon request.

The purchase of vehicles for new country programmes is not standard. Only the SGP Global Manager may approve the purchase of an SGP vehicle for exceptional cases and should NOT be included in the COB Proposal.

### 4.2.2    ATLAS Admin Requisition (REQ)

The Administrative Requisition (admin REQ) in Atlas serves as a UNOPS authorization for the UNDP CO to process payments for the SGP country programme's various administrative expenses. The Admin REQ is based on the final approved COB for that particular SGP country, and the specified 6 month period.

While the COB is considered final, the Admin REQ includes an added element of flexibility to ensure limited ad-hoc adjustments within the total COB limit. If a balance exists under a specific COB ACTIVITY (which correlates to an admin REQ line) the NC/PA can choose to use this balance for another ACTIVITY. **However, the total amount of the final approved COB/Admin REQ for that particular period cannot be exceeded. All administrative Atlas disbursements must be reflected with the correct ACTIVITY ID and Atlas account**. This means that at the time of processing the admin related PO and voucher; the COA needs to correlate to the purpose of the payment – correcting the ACTIVITY ID/Atlas account if necessary. This is the responsibility of the NC/PA. Any deviation of more than 10-20% of the COB ACTIVITY limit – unless for exceptional emergency reasons - is strongly discouraged and will reflect lack of sufficient planning capacity (**LINK** – How to source Admin REQ to a PO).

> *All administrative Atlas disbursements must be reflected with the correct ACTIVITY ID and Atlas account.*

### 4.2.3    Disbursement at the Local Level

In order to expedite the payment process of administrative expenses after the UNDP CO receives the UNOPS authorized Admin REQ, the NC/PA should complete the appropriate vendor form (**LINK** – "Admin Vendor Form – July 2010") and create the Atlas vendor profile, with banking information (**LINK** – Atlas Guide "How to create a Vendor in Atlas – July 2010") well ahead of time for all admin service providers. The form should be sent only to UNOPS for approval (within 48 hours) so this will not delay the Purchase Order creation. All new vendors need to be created in the UNOPS BU. The UNDP CO should not approve any new vendors in this BU. It is critical to provide the correct and valid bank details in the vendor form and Atlas vendor profile, as this will avoid any future delays in the actual bank transfer process.

The Atlas user "buyer" profile permits the NC and the PA to source Requisition quantities/amounts to a new admin PO for UNDP CO approval. This action in Atlas "draws" the necessary funds from the already approved/authorized Admin REQ and reduces the available admin REQ amount accordingly (**LINK –** "How to Create a PO in Atlas for Admin Payments - July 2010"). The remaining quantity/amount is available for the next time when an admin payment needs to me made. The NC/PA then submits the necessary supporting documents (invoice, receipt, etc.) to the UNDP CO for release of the administrative payment to the vendor.

***In cases where an admin PO needs to be cancelled, for whatever reason, it is important to always answer "YES" when Atlas asks whether you want to return the available quantities to the original Requisition. Doing otherwise will promptly close the affected REQ line, making all previously available qty/amounts unavailable.***

### 4.2.4    SGP Financial Management

UNOPS has designed a simple but useful financial reporting tool to help SGP country personnel ensure the proper financial management of the approved COB (**LINK –** "GEF-SGP Financial Report – July 2010"). This tool is commonly referred to as the "4-in-1 Financial Report" because it helps to track four (4) expenditure lines (as part of SGP country budget):

1)    Admin expenses of the current OP Year,
2)    On-going grant commitments and disbursements for OP2,
3)    On-going grant commitments and disbursements for OP3, and
4)    On-going grant commitments and disbursements for OP4 (CORE and/or RAF).

Amounts entered in the admin section correspond to actual voucher payment dates by month (to be confirmed with UNDP CO) and must be recorded in US Dollars. The actual petty cash replenishment MUST be included in the table; however, since the Atlas expenditure does not reduce the Admin REQ this same amount should remain "untouched" on the Admin REQ.

Grant amount entries need to directly correspond and be accurate with the following:
    1)    CPMT grant allocation letter(s);
    2)    MOAs/Amendments;
    3)    SGP Database.

### 4.2.5    Petty Cash

Petty cash accounts are available for all country programmes (**LINK –** "Petty Cash Guidelines"). Petty cash is purely a tool at the disposal of the NC/PA for the "quick" utilization of admin funds against the COB. The used petty cash cannot be in excess of the amounts authorized in the Admin REQ. For the SGP, UNOPS Finance has authorized this for up to US$ 100 per item and US$ 1,000 in total per month. **This is not a cash advance or Imprest account modality**.

The UNDP CO is responsible for the administration of this petty cash account as per the UNOPS authorization. The NC, or in some cases the PA, is the designated custodian of this special account. The petty cash holder (custodian) must have a UNOPS contract/appointment. Whenever the custodian leaves the SGP post, the new petty cash holder needs to be formally identified and registered with UNOPS Finance.

> ***The petty cash custodian shall not utilize their own private bank account for petty cash transactions.***

The petty cash should only be utilized in exceptional circumstances if the normal payment process through ATLAS REQ-PO-VCH cannot be followed. The $100 per item/$1,000 per month limit always apply. Individual petty cash disbursements (replenishments) in Atlas need to be charged against the Atlas project COA (ACTIVITY ID & account) that applies to the actual admin activity/service (**LINK –** "SGP OP4 Admin Activity-Account Guide – July 2010").

### 4.3    Other Transactions

**General Ledger Journal Entry (GLJE):**

The GLJE is a type of Atlas transaction that is exclusively utilized for payments and adjustments that need to be made between/within UNOPS and UNDP. This type of transaction cannot be used to make payments to "outside vendors" (private suppliers and grantees). The most common use of the GLJE should be for the UNDP CO cost recovery that is based on services provided for a given calendar year (see cost recovery policy below). This can also be used to pay UNDP CO for other common services provided to the local SGP office (ie. UNDP CO hosting expenses). This type of transaction requires both UNDP and UNOPS approvals and should only be prepared once UNOPS recommends a COA to charge. The NC/PA will be requested to verify the charges prior to approval.

- **Standard cost recovery policy:** As stated in the standard UNOPS authorization, the UNDP CO can claim cost recovery in line with the Universal Price List (UPL) (**LINK –** "2009 UPL") and the Memorandum of Understanding (MOU) on support for the country programme level between UNOPS and UNDP (**LINK –** "Umbrella UNDP MoU Cost Recovery - 2003"). All cost recovery charges need to be recorded and compiled via Atlas General Ledger Journal Entry (GLJE) at year-end. This GLJE needs to be approved by both UNDP CO and UNOPS in Atlas. The "list of cost recovery charges" needs to be first verified by the NC prior to its submission to UNOPS.

**Deposit:**

This type of Atlas transaction is commonly used to credit funds against any Atlas project budget. For example, if a vendor (private supplier or grantee) is returning funds, for whatever reason, a Deposit ID is created in Atlas by the UNDP CO crediting the exact same COA that was indicated in the initial disbursement voucher. While this type of transaction is created and approved by UNDP CO, it should be only carried out upon written approval from UNOPS, indicating the recommended COA. Please see Chapter 4.1.5 for more details on the procedure for returning funds to an Atlas project budget.

**Ad-Hoc Requisitions:**

In cases where an expense needs to be authorized outside of the normal COB Admin REQ, UNOPS will create a separate Requisition in Atlas indicating the breakdown of the expenses and COA. A signed paper authorization will also be sent to the UNDP CO with copy to the NC/PA. This method is commonly used for the international travel of local staff and is approved by CPMT beforehand.

### 4.4    Financial Oversight: The Role & Responsibility of UNOPS, the National Coordinator, the UNDP Country Office and CPMT

The below oversight overview constitutes the principle Internal Control Framework (ICF) as it is integrated into Atlas. It is part of the checks and balances system for the execution of the GEF Small Grants Programme.

#### 4.4.1    UNOPS: The budget owner responsible for the overall financial execution

- Fiduciary responsibility towards UNDP and GEF: systematic monitoring and control framework of financial transactions through ATLAS and UNOPS Financial Dashboard.
- Ensuring that the issued Memorandum of Agreement (MOA) is in compliance with specific SGP provisions.
- Ensuring that grant commitments and planned disbursements are correctly reflected in the SGP database as well as ATLAS and are in line with the valid SGP Project Document.
- Ensuring that the total SGP budget structure and allocated amounts are correctly reflected in ATLAS and are in line with the SGP Project Document.

#### 4.4.2    National Coordinator: The overall responsibility for all country related financial matters

- **Grant Commitments:** The NC ensures that a grant commitment for a single beneficiary is within (under) US$ 50,000 per SGP operational phase (ie. OP3, OP4, OP5).
- **Grant Disbursement Request:** By sending UNOPS the PO Notification, the NC is confirming that the grant project is "on track" and in line with the MOA provisions. This includes monitoring and ensuring that all grant POs remain valid (for the specific amount and period – no duplication).
- **Grant Release:** Prior to the release of every grant disbursement from an already authorized Atlas Purchase Order, the NC is responsible for the written certification of all Progress/Financial Reports (including invoices, receipts, etc.) being in line with the MOA and the approved grant proposal.
- **Administrative:** Continuous monitoring of all Atlas expenditures against the approved Admin REQ to ensure that the financial records are "clean" (correct COA, non-duplication

of expenditures, etc.) and within the approved Admin REQ amounts. The NC must keep records showing supporting documentation (i.e. invoices, receipts, ticket stubs, etc.).

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*All expenditures against the SGP country project(s) in Atlas must be correct, appropriately documented, and within the approved budget.*

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### 4.4.3    UNDP Country Office: Local administrator and supervisory body during payment cycle.

- **Grant Payments:** Ensure that financial documentation is in line with the UNOPS authorization and the approved MOA.
- Ensure that there is no indication of misuse or mismanagement of funds before releasing payments.
- **Administrative Payments**: The approval of all POs for administrative expenses ONLY taken from the UNOPS-approved Admin REQ – no direct POs or Vouchers without written approval from UNOPS. (**LINK –** "UNDP CO Atlas Guidance Memo from Darshak Shah 2004")
- The review of supporting documentation for admin POs is done by the local UNDP CO in accordance with their procedures and oversight.
- The UNDP CO can only debit and/or credit expenditures against the UNOPS project budgets with explicit authorization from UNOPS.
- All financial activities under the XXX50 BU should be linked to a UNOPS authorization.
- The petty cash account is in line with UNDP CO financial rules and regulations.
- Standard cost recovery policy: As stated in the standard UNOPS authorization, the UNDP CO can claim cost recovery in line with the Universal Price List (UPL) (**LINK** to the "2009UPL"**)** and the Memorandum of Understanding (MOU) on support for the country programme level between UNOPS and UNDP (**LINK** – "Umbrella UNDP MoU  cost recovery **- 2003**"). All cost recovery charges need to be recorded and compiled via Atlas General Ledger Journal Entry (GLJE) at year-end. This GLJE needs to be approved by both UNDP CO and UNOPS in Atlas. The "list of cost recovery charges" needs to be first verified by the NC prior to its submission to UNOPS.

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*All expenditures against UNOPS budgets must be accompanied by an authorization from UNOPS first, to ensure proper payment methods and COA details.*

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### 4.4.4    CPMT: Responsible for overall financial implementation

- The SGP global budget and the clearance of all its expenditures.
- The exceptional clearance of local SGP payments that are not in line with the approved COB.
- The financial approval of all Atlas budgets for the GEF/SGP.

### 4.4.5    Audits/Internal Oversight

UNOPS, in close consultation with its established new Internal Audit and Investigation Group (IAIG) is responsible for the supervision and quality assurance of SGP audits. This includes the provision of reasonable assurance on the proper execution and mitigation of risks to the UNDP and GEF based on international audit standards.

**Scope of Audits:**

This standard scope should envisage both compliance and management (functional) issues. Compliance issues will seek to provide assurance that the funds are disbursed as per SGP scope, objectives and procedures pertaining to applicable UNDP and UNOPS rules and regulations - by reviewing expenditure documentation. In addition, functional issues relating to the management of the programme will emphasize systemic deficiencies across the various countries. This shall provide UNOPS, UNDP and GEF valuable input in identifying areas which may need systemic intervention and improvements at the macro level. In summary, the following areas should be included in the audit scope:

- Management and implementation structure of the SGP (particularly where the GEF/SGP is implemented and hosted by a National Host Institution), which will include aspects relating to the work planning process, framework of authorities and reporting lines.

- Activities of the National Steering Committee (NSC), which will include aspects relating to the NSC terms of reference, role, formation, membership, as well as its activities relating to the identification, evaluation and selection of grant projects

- Activities selected for funding grant projects, including the following processes - (a) approval of grants, (b) underlying Memorandum of Agreement (MOA), (c) grant payments, (d) on-going activities (e) monitoring and evaluation, (f) grant project completion.

- Project reporting requirements, e.g., progress reports, and reports required before release of further grants.

- Financial operations, which will include aspects relating to conformity of expenditures with the purpose for which funds have been provided for, accuracy and completeness of financial supporting documents to support disbursements, nature and quality of the financial reporting system (including record keeping/filing).  For this purpose, the audit shall cover the statements of expenditure for the year and shall examine transaction details in Atlas.

- Administrative operations, if any, which will include aspects relating to procurement of goods and services, contracting of personnel, asset management, general administration and record keeping procedures.

**Systematic Approach and Follow-Up … ISSUE TRACKER**

The recommendations from each individual audit report will be entered into the 'Issue Tracker' system and those issues that have been assigned to you will appear when you login.  (Please note that recommendations that have been assigned to other parties, such as UNOPS or CPMT, will not appear to you when you log in.) The system is designed to record your comments for each recommendation and to allow you to upload related documents to support your comments and/or confirm the specific action or correction taken. If necessary, please be encouraged to consult other necessary parties (NSC, UNDP-RR/CO, CPMT and/or UNOPS regional focal points) in order to ensure clear understanding, necessary clarifications and/or proper implementation of the assigned recommendations even before you start to record your comments and actions taken. Importantly, all the validations and clarifications that are made on the recommendations also need to be recorded in the system, so that the recommendations can be closed properly. This follow up to

audit recommendations and the final closure of all recommendations is a requirement of UNOPS Internal Audit and Investigation Group (IAIG).

### 4.4.6    Archiving Policy

The NC/PA is responsible for the proper and correct archiving of all SGP related documentation. This is essential for both audit purposes and the retention of knowledge and lessons learnt.

Documents shall be archived in accordance with the below table. While it is advisable to maintain hard copy originals, it is also recommended to establish scanned versions (electronic archives) to be saved on CD ROM.

Project Closure. If a country programme closes, a permanent and cost effective location for permanent archives must be arranged by the NC. The UNDP CO or the GEF Operational Focal Person (within the National Government Ministry) are recommended. For practical and longer term retention purposes, CD ROM archiving is recommended if this proves cost effective. CD ROM copies should be shared with UNOPS and CPMT.

| Type of Document | Retention period |
|---|---|
| 1.  Grant financial documentation: bills, receipts etc. | 7 years |
| 2.  Grant financial reports (including NC verification stamp to release grant installments) | 30 years |
| 3.  Grant progress reports (substantive) | 30 years |
| 4.  Original signed MOAs | 30 years |
| 5.  Other SGP publications, reports etc. | Depends on needs. |
| 6.  Outgoing correspondence, memos, faxes, working files, etc | 1 year |

### 4.5   Financial Monitoring / SGP Database

**4.5.1      SGP Database -** (**LINK** to the SGP Database: http://sgp.undp.org/intranet)

The SGP Database is established, among other things, to comprehensively capture all grant commitments for the SGP. It is the responsibility of the NC/PA that all grant project entries are complete and accurate. This will ensure accurate commitment reports can be generated.

In addition to properly inputting the new project's financial data (including the planned disbursement dates and amounts), the actual MOA (including any amendments) and the signed NSC Meeting <u>Grant Approval List</u> need to be uploaded (**LINK** – "SGP Projects Database - Uploading Files"). Changes to disbursement amounts or dates need to be swiftly updated in the database entry whenever an MOA amendment takes place.

### 4.5.2 <u>ATLAS Expenditure Reports</u> - (**LINK** – "Atlas Tools for Tracking Expenditures – July 2010")

It is the NC/PA's responsibility to ensure that the proper Atlas accounts are used at all times. The NC/PA needs to review the ATLAS financial records on a regular basis in order to "catch" mistakes and to avoid unnecessary reconciliation exercises with the UNDP CO Finance and UNOPS. Please refer to the above linked document for some recommended tools that are available in Atlas for the purpose of tracking expenditures.

### 4.5.3 <u>UNOPS Management Workspace</u> - (**LINK** – "Guide to the UNOPS Management Workspace – July 2010")

The UNOPS Management Workspace is a new tool developed on the UNOPS Intranet to help monitor the related Atlas project expenditures. NOTE: This tool mirrors Atlas data on a 24 hour delay. Please refer to the above linked document to help you navigate through the most helpful areas of the workspace for the purpose of tracking expenditures in Atlas.

> *Well structured financial **monitoring is the key to maintain a clear overview**.*

### 4.6 <u>Financial Management – DOs and DON'Ts</u>

**DO…**
- … Review MOA payment history at the beginning of each year and **create new POs** for <u>all</u> remaining grant payments planned for the current year**.**

- … **Ensure timely disbursement** of existing Purchase Orders in Atlas, within the current fiscal year.

- … **Submit PO notification immediately** following the creation of timely POs in Atlas.

- … **Plan ahead** on various UNOPS and UNDP CO financial deadlines (i.e. Year–end financial closings for both offices).

**DON'T (DO NOT)…**
- … Use a cash advance modality.

- … Create "direct admin POs" that are not sourced from the Admin REQ.

- … Duplicate grant POs/payments in Atlas. "Double-accounting" wreaks havoc on the SGP Atlas budgets.

- … Create POs in Atlas without first completing the previous steps (NSC approval, MOA signature, SGP Database entry).

- … Exceed US$ 50,000 per grantee per operational phase.

- … Exceed your admin budget (COB).

- … Exceed your cumulative grant allocation per operational phase.

> *"Accountability, Compliance, Accountability …"*

# Chapter 5: SGP HR / Recruitment

## Introduction

The Small Grants Programme (SGP) country team is composed of two staff positions; a National Coordinator (NC) and a Programme Assistant (PA). All SGP Country Team members are classified as UNOPS appointed national project personnel. Contracts are locally administered by the UNDP Country Offices (CO) on behalf of UNOPS and are subject to applicable HR rules and regulations.

## SGP HR Basics

**Reporting Lines**                The National Coordinator (NC) reports to CPMT on substantive and to UNOPS on all financial matters. The UNDP CO is authorized by UNOPS for all related administrative HR contract matters.

The Programme Assistant (PA) reports to the NC as direct

supervisor. The NC is responsible and accountable for PA work and outputs. The UNDP CO is authorized by UNOPS for all administrative HR contract matters.

**Personnel Nationality**      The SGP country team personnel must be nationals of the country in which the programme is located.

**Contract Levels**      NC contracts are graded at the NO-B level or equivalent Service Contract Salary Band.

PA contracts are at the G5 level or equivalent Service Contract Salary Band.

**Contract Modality**      SGP country team personnel are either contracted under UNDP administered Fixed-Term Appointments (FTA) or Service Contracts (SC). Since 2006, all new personnel are recruited under SC.

Short term appointments are contracted locally under the UNDP administered Special Service Agreement (SSA). Such appointments are subject to budgetary approval by UNOPS. UNOPS issued Individual Contractor Agreement (ICA) will be applied for CPMT, global or regional short term contracts.

## 5.1      Recruitment Process

(Refer to 5.5 for Consultancy/Short Term Contract Recruitment)

The recruitment process for the National Coordinator/Sub-regional Coordinator and Programme Assistant positions is done through a competitive and open selection process. Upon receipt of the UNOPS authorization and in line with UNOPS guidelines, the UNDP CO initiates the recruitment process liaising with the NC, UNOPS and CPMT where stipulated below.

## RECRUITMENT NC
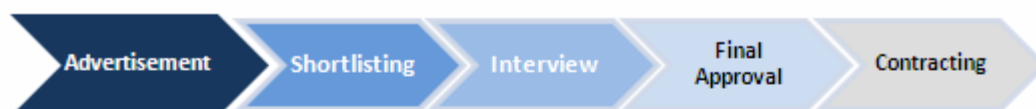
| Advertisement | Shortlisting | Interview | Final Approval | Contracting |

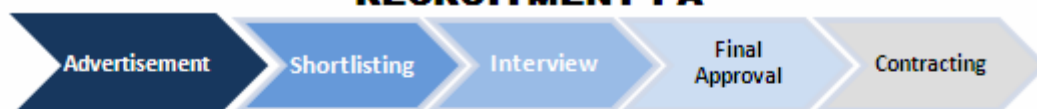| Who? | UNDP CO HR | UNDP CO HR / CPMT / UNOPS | Panel: UNDP CO HR, NSC members | CPMT (Global Manager) / UNOPS | UNOPS / UNDP CO |
|---|---|---|---|---|---|
| What? | Post vacancy announcement in national press | UNDP CO shortliests 3-5 applicants /shortlist reviewed by UNOPS and CPMT, fo rapproval to conduct interviews | Interview panel to include standard questions sent by CPMT/UNOPS | Review/approve signed interview minutes (Global Manager's final decision) | UNDP CO issues contract upon receipt of UNOPS authorization |

## RECRUITMENT PA

| Advertisement | Shortlisting | Interview | Final Approval | Contracting |

| Who? | UNDP CO HR | NC | Panel: UNDP CO HR, NC | UNOPS / CPMT | UNOPS / UNDP CO |
|---|---|---|---|---|---|
| What? | Post vacancy announcement in national press | Shortlist 3-5 applicants | Interview short listed candidates | Review and approve signed interview minutes | UNDP CO issues contract upon receipt of UNOPS authorization |

### 5.1.1    Advertisement of Vacancy Announcement

SGP vacancy announcements are issued by UNDP CO HR through their standard process, usually in two editions of two national newspapers (1/4 page), over a period of two weeks. The UNDP CO is reimbursed for the related advertisement costs through an Atlas Requisition sent by UNOPS.

Advertisement Content

The SGP advertisements should be based on the specific TORs (**LINK** – NC Newspaper Advert Guidelines). They should include:

**NC Advertisement**

**Qualification and Skill Requirements.**

| | |
|---|---|
| **Education:** | Advanced university degree in environmental fields, Environmental Economics, Business Administration or similar field. |
| **Experience:** | At least 5-8 years of relevant experience in development work, which should include programme management, preferably with an extended specialized experience in any of the GEF-SGP focal areas at the national level. |
| **Managerial skills:** | Excellent analytical and writing skills |
| | Excellent teamwork and people management skills. |
| | Excellent communication and interpersonal skills. |
| | Good negotiation and problem-solving skills. |
| **Language requirements:** | Fluency in the official national language and English. |
| **IT skills:** | Proficiency in standard computer software (word-processing, excel, presentations, databases and internet) |

**PA Advertisement**

**Qualification and Skill Requirements.**

| | |
|---|---|
| **Education:** | University degree, preferably in Business Administration or an environmental science field. |
| **Experience:** | At least 3-5 years of relevant experience in office management, including financial reporting; |
| | Previous working experience with a UN agency an asset. |
| **Skills:** | Good communications and interpersonal skills essential; Excellent drafting and analytical skills required. |
| | Good knowledge of budget control and financial management. |

**Language**              Fluency in the official national language and English.
**requirements:**

**IT skills:**            Excellent knowledge of MS Office, database and Internet use.
                         User knowledge of ATLAS is an asset.

### 5.1.2      Review of Applications/Shortlist

Between 3-5 applications should be short-listed based on the minimum TOR competencies (as outlined in above Qualifications and Skills Requirements). For NC recruitments, the CVs should be sent to CPMT/UNOPS for review and comments before proceeding to interview stage.

### 5.1.3      Interview Process – National Coordinator (NC) / Programme Assistant (PA)

NC

The selection panel should be composed of UNDP-CO (incl. HR personnel), Civil Society representative, Government representative, and NSC representative. Interviews should include standard questions sent by CPMT/UNOPS and written exam provided by UNOPS. CPMT/UNOPS may request a follow up telephone interview.

PA

The selection panel should usually include the NC and UNDP-CO (incl. HR personnel).

### 5.1.4      Recommendation/Final Selection

Signed interview minutes including the score matrix (test/exam scores if applicable) with final panel recommendation should be sent to UNOPS/CPMT. The review and final selection will be authorized by CPMT/UNOPS, in case of the NC by the SGP Global Manager.

### 5.1.5   Contracting of National Personnel

The UNDP CO should liaise with the selected candidate to establish a possible contract start date, vendor details (**LINK** ATLAS Vendor Form), and a salary level. The salary level is based on the local UNDP salary scales. For SC salary assessment, in case no SC salary scale is established, the FT scale should be used as a guideline. UNOPS HR will review the UNDP CO salary recommendation and take a final decision. UNDP CO HR should further advise UNOPS on local terms of the contract by submitting a completed SGP Personnel Action Form ADD NEW FORM [Hyperlink] to UNOPS.

Upon finalization of all contractual details, UNOPS will send an official authorization letter to the UNDP CO to issue the respective contract. The authorization will include:

 - Starting date,

 - Duration

- ATLAS COA - in the form of ATLAS REQ/PO or ATLAS Payroll position ID.

The initial contract duration for new personnel is 12 months. Extension end dates are then aligned with the SGP operational year.

The UNDP CO HR sends the contract offer to the selected candidate, and a copy of the signed contract to the designated UNOPS-SGP HR Focal Person.

## 5.2      National Contract Administration

Basic requirements prior to issuance of contract:
- Security certificate
- Medical clearance
- Ethical statement

The UNDP CO administers contracts on behalf of UNOPS – incl. monthly salary payments, leave requests and monitoring, etc. This should also include informing UNOPS of amended salary scales in a timely manner. The SGP country team personnel should follow UNDP country specific working conditions.

For Service Contracts administered through ATLAS HR Module, UNOPS shall always create ATLAS Position IDs.

Please refer to Section 4.3 for details of applying UNDP Cost Recovery Policy to local HR services

The SGP country team personnel should not and cannot be considered UNDP national core personnel. As per their terms and reference they are 100% dedicated to SGP and are defined as "project-personnel". The SGP personnel members can join UNDP CO events and exercises as long as this does not have any cost or hinder their responsibility for the SGP.

## 5.3      Health Insurance

Fixed Term (FT)

FT holders are enrolled in the local UNDP CO Medical Insurance Plan (MIP). For details of particular insurance plan details or to make a claim, please refer to your UNDP CO HR or UNDP CO MIP focal person.

Service Contracts (SC)

SC holders should be enrolled in the local UNDP CO Van Breda Medical, Death & Disability insurance, unless the specific country offers a different local medical plan. For details of insurance plans or to make a claim, please refer to your UNDP CO HR focal person. Details of Van Breda insurance policies and claims forms can also be found at the Van Breda website.

## 5.4      Salary Adjustments/Contract Renewal

Fixed Term

FT Contract holders receive an automatic annual step increase subject to satisfactory performance and HR rules and regulations.

Service Contracts

SC holders receive salary adjustments in line with amended UNDP CO salary scales. If the UNDP-CO does not have a specific SC salary scale the FT salary scale should be used. It is the responsibility of the SC holder to inform the designated UNOPS HR Focal Person when their local UNDP CO salary scales are amended.

Contracts are renewed in line with the SGP operational annual cycle.  UNOPS will authorize all contract extensions for a 1 July start date for all applicable cases.  All contract renewals and salary adjustments are based on and subject to the annual standardized performance review process and UNOPS/CPMT approval.

### 5.5      Short-term Consultancy Contracts

When specific circumstances require additional short term support or a special assignment, a short term consultancy contract can be issued. These can either be issued locally through the UNDP CO SSA (Special Services Agreement) for local country programme consultants or through the UNOPS' ICA (Individual Contractor Agreement) modality for regional, global and CPMT consultants.

### 5.5.1   Budget Source: COB

The costs for the additional support/consultant will usually be funded from the Country Operating Budget (COB). If such support has not been budgeted in the annual COB, the NC should ensure the following:

1)    The required amount can be drawn from another COB ACTIVITY allocation without exceeding the COB limit.
2)    This will not jeopardize the smooth operations of the SGP.

The NC should contact the respective UNOPS Manager prior to taking any specific action.

### 5.5.2   Recruitment Process for short term personnel
**SSA recruitment process should be in line with the local UNDP Country Office procedures.**
**ICA.**

It is always important to undertake an open/transparent and thorough recruitment process. The hiring manager should consult the UNOPS HR focal point before undertaking any ICA selection exercise.

For SSAs, UNOPS will issue an authorization to the UNDP CO to issue an SSA on UNOPS' behalf. For ICAs UNOPS will issue the contract directly.

### 5.5.3    Monitoring / Extensions

It is crucial that the requesting unit and supervisor of the specific consultant (CPMT / NC) monitor their consultant contracts. Any work which falls outside of the timeframe of the contract (either before contract starting date or after contract end date) cannot be paid for. Therefore, the SGP supervisor should inform the designated UNOPS-SGP HR focal person in a timely manner if and when a contract should be extended or amended to avoid any retro-active situations of already expired contracts.

### 5.5.4  Payments

For UNOPS issued ICA:
  a.  The consultant payment request in line with the contract must be submitted to UNOPS through the provided Certificate of Payment (CoP) issued by UNOPS-HR.
  b.  Prior to UNOPS processing the salary/fee payment the requestor/direct supervisor of the consultant (CPMT/NC) needs to certify that the provided work/service was completed satisfactorily in line with the contract.

For UNDP CO issued SSA:
  c.  The consultant payment request in line with the contract should be submitted to the UNDP-CO through the provided Certificate of Payment (CoP) as issued by UNDP CO -HR.
  d.  Prior to UNDP CO processing the salary/fee payment the requestor/direct supervisor of the consultant (NC) needs to certify that the provided work/service was completed satisfactorily in line with the contract.

### 5.6      Performance Review

The NC performance evaluation (including the direct comment by the UNDP-RR) is reviewed by the CPMT/UNOPS regional team, resulting in a recommendation to the Global Manager for final ratification. This may have implications for contract renewal in cases of lack of performance. Copies of the finalized Performance Review & Assessment (PRA) form of all SGP personnel (national/global) will be filed with the designated UNOPS-SGP HR focal person.

The PA performance evaluation is done through the PRA at the country level, finalized by the NC and then submitted to UNDP CO and UNOPS.

### 5.7   HR Archiving & Documentation

UNDP CO should maintain an HR File on all SGP staff whose contracts are administered by UNDP CO. UNOPS will maintain files for ICA contracted consultants.

### 5.8 Any Other Business:
  o   The SGP personnel who are included in the National Host Institution (NHI) contracts are subject to the terms and conditions of the NHI HR rules and regulations, including benefits and insurance. They do not fall under Terms and Conditions of UNOPS project personnel contracts. UNOPS has neither influence nor liability for the NHI's internal HR policies. However, it is important to realize that the established SGP reporting lines are still applicable. In these cases, the generic PA/NC TORs are incorporated in the NHI contract.

  o   Additional SGP country team personnel (driver, messenger or receptionist) are also considered project personnel and remain within the approved SGP personnel list. Any

new additional personnel recruitment will be charged to the COB. Additional staffing is subject to exceptional approval.

o   In case of eligible and approved requests for reclassification of posts of existing personnel members (incumbent) the UNDP/UNOPS HR rules require that the post must be re-advertised and the formal recruitment process be newly undertaken and properly followed (including new short-listing and interviewing of suitable candidates).
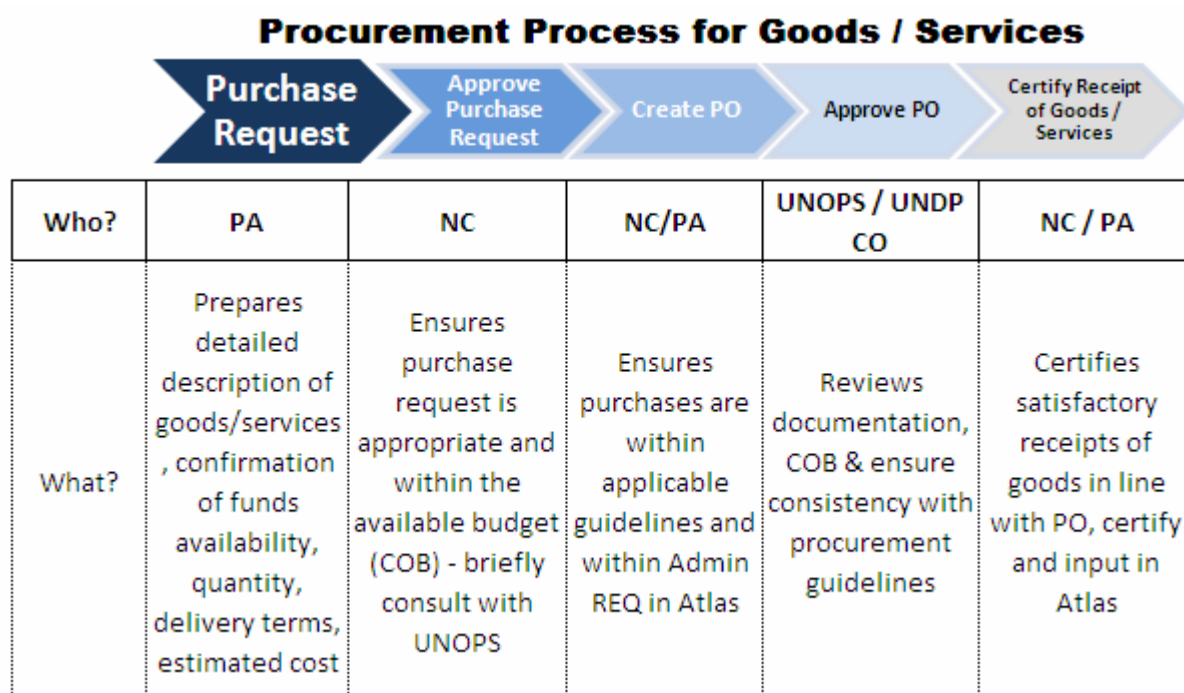
# Chapter 6: SGP Procurement of Equipment / Services

**Introduction:**        Application of **"BEST VALUE FOR MONEY"** principle in procurement is the responsibility of all SGP personnel who are expected to observe the highest standard of ethics in the procurement process.

All procurement activities carried out should reflect fairness, integrity and transparency to achieve economy and effectiveness to the best interest of the SGP and UNOPS. Proper procurement planning will help in the preparation of a clear Country Operating Budget (COB) proposal.

The National Coordinator (NC) is responsible for the following essential components in procurement planning:
- needs assessment
- definition of requirement/specification (what type of item is needed?)
- cost estimation

All purchases of goods/services should be foreseen and included in the COB. A standard procurement process in line with UNOPS guidelines is summarized under section 6.1.1 below. The below Workflow chart illustrates the basic steps involved in the procurement process for both goods and services:

## Procurement Process for Goods / Services

Purchase Request → Approve Purchase Request → Create PO → Approve PO → Certify Receipt of Goods / Services

| Who? | PA | NC | NC/PA | UNOPS / UNDP CO | NC / PA |
|------|----|----|-------|------------------|---------|
| What? | Prepares detailed description of goods/services, confirmation of funds availability, quantity, delivery terms, estimated cost | Ensures purchase request is appropriate and within the available budget (COB) - briefly consult with UNOPS | Ensures purchases are within applicable guidelines and within Admin REQ in Atlas | Reviews documentation, COB & ensure consistency with procurement guidelines | Certifies satisfactory receipts of goods in line with PO, certify and input in Atlas |

**LINK –** UNOPS Procurement Manual

## 6.1    Equipment

### 6.1.1    Basic Competitive Bidding Principle

The following 'Procurement Process' under the **competitive bidding should** be strictly followed and documented before creating a PO in ATLAS for purchases of **'goods'** and/or **'services'** under the COB:

1.  Sourcing of Suppliers (knowing WHO supplies WHAT). Information from supplier catalogues, UNDP CO previous short lists, internet etc.
2.  Follow suitable procurement methods based on local needs and situation. Either: competitive shopping or **R**equest **F**or **Q**uotation (RFQ) or formal methods **I**nvitation **T**o **B**id (ITB) and/or **R**equest **F**or **P**roposal (RFP) can be selected (described below in Table) with guidance from UNDP CO and/or UNOPS.
3.  Follow standard UNOPS formats (available in UNOPS Intranet Document Library – **LINK**) as they are designed to fit specific requirements and contain UNOPS mandatory terms and conditions. The contents of the format should include deadlines, offer validity and payment terms.
4.  Set criteria for selection of suppliers based on specification, conduct evaluation and recommend for selection to UNOPS/UNDP CO.
5.  NC to confirm with selected supplier about the purchase of goods/services and transmit such confirmation.
6.  Purchase order(s) to be issued by UNOPS/UNDP CO.

### 6.1.2    Standard Local Purchase Orders (below $ 2,500)

| REQUIREMENT | PROCUREMENT METHOD | WHO CAN DO WHAT? | |
|---|---|---|---|
| | | **Procurement Process** | **Approval** |
| **< US$ 2,500** | Competitive shopping (Local Purchase Order) <br><br> Obtain price quotations, compare the quotations and select the supplier on lowest price basis. Written justification required if the lowest priced bid is not selected. | PA | NC |

### 6.1.3    Special Purchases (over $ 2,500 but below $ 50,000)

| REQUIREMENT | PROCUREMENT METHOD | WHO CAN DO WHAT? | |
|---|---|---|---|
| | | **Procurement Process** | **Approval** |
| | | | |

| > US\$ 2,500 but below US\$ 50,000 | Request for Quotation (RFQ). Communicate the requirements to suppliers with quotation conditions. Minimum 3 quotations should be obtained. The basis of selection is *"lowest priced, most technically acceptable"* | NC/PA | UNOPS |
|---|---|---|---|
| > US\$ 50,000 | Invitation To Bid (ITB) or Request For Proposal (RFP) according to the complexity of requirement. Technical specifications/Statement of Work forms the basis of bidding documents. | NC/PA | UNOPS |

- For specific procurement needs which could not be anticipated but can be accommodated within the COB, **flexibility in the Admin REQ** can be exercised. This is stated in chapter 4. SGP Finance – section **LINK –** 4.2.2 ATLAS Admin REQ.
- Any ad-hoc procurement needs that cannot be accommodated in the COB **require** exceptional approval from CPMT/UNOPS.
- UNOPS procurement procedures should be used, unless agreed otherwise for exceptional cases. Example: If the funding for the acquisition of equipment is using co-financing contribution by other donors, not using the UNOPS executed SGP budget. However, it is strongly advised to always follow the UNOPS/UNDP procurement standards under any situation.
- All contracts pertaining to procurement of goods/services worth over US\$ 2,500 and up to US\$ 50,000 will be issued by UNOPS; or the UNDP CO will be authorized to issue the contract or Local Purchase Order on behalf of UNOPS. Before issuance of any such contract/Local Purchase Order by the UNDP CO, the confirmation/approval by UNOPS in addition to the established Admin REQ is mandatory. SGP personnel may opt to be guided by UNDP CO procedures and/or seek guidance from UNOPS regarding procurement exercises for values expected to be above \$2,500
- The standard internal audit exercise for UNOPS projects includes the audit of procurement activities. Properly filed documentation supporting the procurement cases are required to facilitate the project audit process.

As for all procurement undertaken on behalf of UNOPS, the individual involved remains personally responsible for his/her actions and financially liable for any mismanagement or undue action taken.

### 6.1.4 Equipment Inventory

The NC/PA is responsible for maintaining an equipment inventory database in the prescribed format (**LINK** - ASSET (EQUIPMENT) INVENTORY DATABASE FORMAT) which should be submitted to UNOPS upon request. Project assets should be assigned an ID number and bear the SGP Logo on it.

The inventory list should be reviewed and the status of working condition and life expectancy shall be up dated periodically.

### 6.1.5 Relevant Issues : Insurance, Disposal of Assets, Vehicle management

**Insurance:**

Upon purchase or receipt of any new equipment it is important to immediately arrange for insurance coverage for theft and accidents. The insurance premium will be covered and needs to be budgeted for in the COB (under ACTIVITY10- Sundry, Account 74505). For vehicles, minimum third-party liability insurance should be arranged locally. Vehicles normally are required to be insured locally against all risks, including damage, theft or fire for the vehicles, as well as injury and property damage to third parties (including passengers). The UN's worldwide coverage for vehicles is in addition to and not a substitute for the local coverage. The payment of annual vehicle insurance premium should be covered in the COB as described above. SGP vehicles are usually registered under the UNDP CO.

UNOPS guidelines on marine, cargo insurance will provide information related to Insurance under procurement of project assets and equipments. (**LINK** – GLOBAL CARGO MARINE INSURANCE GUIDE)

**Transfer/Disposal of Assets:**

The disposal or transfer of any SGP equipment item is initiated by the NC and is undertaken in accordance with the terms of the applicable local UNDP procedure. Assets are written-off when it is established that they are missing, lost or damaged beyond repair. Obsolete or surplus assets may also be written-off when their current value is nil and/or it is established that they cannot be sold or donated. SGP assets may be redeployed to another project with the same UNOPS client (i.e. UNDP), whether that project is executed by UNOPS or not. Assets must be made available at the SGP country office for inspection when an audit is conducted.

The UNOPS guideline on repair, transfer and disposal of assets shall help SGP personnel in this subject matter (**LINK** – GUIDELINES ON REPAIR, TRANSFER AND DISPOSAL OF ASSETS).

**Vehicle Management:**

Managing the SGP vehicle is crucial for successful operations and it is the responsibility of the NC. The vehicle is to be maintained as per the recommended service periods of the manufacturer and if possible by a registered service provider of the specific make of the vehicle. Maintenance is to be planned so as not to affect the operations of the SGP, and a written maintenance plan should be created. Monthly routine maintenance is also to be scheduled and conducted on the vehicle.

For the proper use of project vehicles, the following guideline shall be consulted: (**LINK** VEHICLE MANAGEMENT) & (**LINK** GUIDELINE INSURANCE CLAIM FOR VEHICLES)

**6.2      Services**

Similar to goods, the procurement of services requires a transparent competitive bidding process. The rules and regulations discussed in section 6.1 above apply to services as well. All contracts related to services over US$ 2,500 will be issued directly by UNOPS or the UNDP CO will be authorized to issue them on behalf of UNOPS.

### 6.2.1    NHI Subcontracting

As a result of the SGP appraisal mission, a decision will be taken if the National Host Institution (NHI) modality shall be applied as best hosting arrangement for the SGP in that particular country. If not yet undertaken prior to the appraisal, a competitive bidding process (RFP) should be undertaken to select a suitable NHI. In this case, the UNDP CO shall conduct this process in consultation with the recruited NC. The NC should ensure that all steps stated in the UNOPS procurement manual and the guidelines related to the Request For Proposal (RFP) process provided in section 6.1.1 and 6.1.2 above are strictly followed and documented. The results of the selection process should be submitted to CPMT/UNOPS for issuance of the NHI **subcontract for professional services** subsequent to the required UNOPS internal clearance based on valid pre-selection criteria (i.e. the NHI name must be indicated in the Project Document or similar official document).

**Special attention shall be given to the following:**
-    The NHI contract may range from provision of office space, admin support, recruitment of SGP related support personnel etc. based on the country needs.
-    Every NHI will submit a detailed cost breakdown proposal (similar to COB) and Statement of Work/TOR for all provisional services for UNOPS review, and shall update this as and when required.
-    The frequency of the reporting will be indicated in the sub-contract and reports will include both financial and overall progress.
-    Payment disbursements are scheduled and processed upon approval by UNOPS on receipt of due invoice/reports (including receipts). The invoice issued by the NHI should correspond to the specific installment amount in the contract. Final payment will be released only upon receipt and acceptance of the final invoice and financial report (including receipts) by UNOPS and upto the remaining amount under the contract.

### 6.2.2    Contract for professional services

The same contract model is also issued to various service providers of SGP on the global level. For example: SGP intranet/database IT support service provider.

### 6.2.3    Small Contract for Services - Low value/basic services

This simple low value contract is issued for small and straight forward outputs / non complex set of activities. For example: provision of publishing services for a specific SGP book/publication.

## Chapter 7:  SGP Legal Issues

### Introduction

A programme as highly visible and subjected to perception as the SGP needs to seriously address all its legal and integrity aspects.  Legal issues need to be covered in a comprehensive and rational manner. The SGP involves many contractual arrangements, sets of responsibilities (incl. liabilities) etc. that require a legally sound foundation, platform and support network. The most common legal documents in the SGP include the Memorandum of Agreement (in short: MOA), constituting the grant agreement as well as admin related Lease and Common Service Agreements. For those recurring arrangements UNOPS, in close consultation with its legal team, has established a set of

templates. In addition, the UNOPS legal team is standing by to provide specific advice and clearances for exceptional cases.


### 7.1        Memorandum of Agreement (MOA) - A Legal Document


As the SGP has evolved and has become more complex the frameworks for agreements with the grantees have been adapted to the changes, new requirements, audit recommendations and lessons learned.


One theme that is imperative for all MOA templates: The MOA is a contractual legal document – ITS LEGAL TEXT SHALL NOT BE CHANGED – while the NC/PA shall insert information as required and indicated. (Note: all MOA and MOA Amendment templates are available in English, French and Spanish).  The UNOPS SGP MOA constitutes a grant agreement which is distinct from a contract for services (which usually follows a specific procurement process).


In preparing and finalizing the MOA the following items should be considered:


- The MOA templates provide a legal basis for the SGP grant agreements. The set-up is also designed to minimize the possibility of legal disputes as it should address the common scenarios under which legal disputes may otherwise arise.
- This Agreement can be used where either a Local NGO or a Local CBO is a grant recipient.  The non-applicable term (i.e. NGO or CBO) should be deleted throughout the document.
- It is not permitted to change references from UNOPS to UNDP, because UNOPS has no general authority to sign a UNDP document.
- No logos should be added or inserted when finalizing the agreement, utilizing the UNOPS MOA format.
- MOA templates should be for SGP internal use only; any queries to this regard should be referred to UNOPS.
- The UNDP Resident Representative signs the agreement on behalf of UNOPS; this delegated authority is outlined in 7.1.2 (Signatory Principle) below. Except for the foregoing, the UNDP CO is not involved.


UNOPS has established three (legally cleared) different models of grant agreements (MOAs) specifically for the SGP, which are available in English, French or Spanish:


*a)*        ***Standard MOA Template* (**BASIC MODEL MOA: CORE (**LINKS** – English, French, Spanish) RAF (English, French, Spanish)

This version shall be used in case that either a Local NGO or a Local CBO is a direct grant recipient and it applies to any traditional arrangement.  Once the NSC has approved a grant project, the SGP country team should use the standard MOA template and work with the grantee to finalize this document. The main items of concern are the following:
- The correct grantee name - the grantee name used needs to be the official name of the entity which is consistently applied throughout the project (especially if the name was translated from a local language)
- the grant project sequence number (also see Chapter 4.1.2),
- the NSC approval date,
- the start/end date,
- the total grant amount as approved by the NSC,

- the payment schedule.


The National Coordinator is expected to assist the grantees in case there is a lack of experience in dealing with legal documents.


b)        ***Intermediary MOA* (**Intermediary NGO MOA Version: CORE (**LINK** – English), RAF(**LINK** – English), Legal variation mark up, CBO (**LINK** – Spanish, French)

There will be potential grantees that do not have the capacity to either engage in a legal contract, directly receive the funds, or simply lack the capacity (no accounting, language issues, etc.) to be a direct grantee. Oftentimes another (larger) NGO is willing to serve as an intermediary grantee by receiving the funds on behalf of the actual beneficiary. This arrangement can range from the intermediary NGO simply being a "pass-through entity" to the scenario that the intermediary NGO would be providing capacity building activities to the actual grantee. This capacity building component may vary depending on the specific needs of the CBO and the NGO's own capacities.  Amongst others, this can include translation support, basic accounting, assistance to become a registered legal entity.


While it is desirable to engage NGOs that can provide such assistance services for no or the lowest possible costs, the intermediary NGO may be approved to receive up to 10% of the grant total in order to cover its costs.  This depends on the level of support extended to the actual beneficiary. This amount needs to be built into the total grant proposal to be reviewed/approved by the NSC.


The intermediary NGO should usually be a well established partner that has a track record with the SGP. The above linked intermediary NGO MOA template provides for such cases and serves as the legal basis for these types of arrangements.


The NC should use his/her judgment when considering this option and propose the specific arrangement to the NSC.  The NSC then decides upon this set-up on a case-by-case basis.


c)        ***Legal Representative MOA*** (**LINK FOLDER** - Legal Representative MODEL MOA (LINK – English, French, Spanish)

This version shall be used in the following cases in which the NGO/CBO:
- does not have the ability to directly accept the grant funds, or
- the intermediary NGO arrangement is not desired, possible or feasible.


For such scenario, one or more members of the NGO/CBO may establish a specific bank account in order to receive the funds on behalf of the beneficiary organization. The NGO/CBO member should be on the senior level. In order to mitigate potential risks it is advisable to engage more than one member in the establishment of a joint bank account. Furthermore, it is critical to ensure proven track record with the entity and the member(s) who will serve as the legal representative(s) of the NGO/CBO.

The UNDP CO has a particular role in the oversight of these arrangements as the risk level is higher than in traditional grant agreements.  By and large this element of control can only be exercised on a local level.


Note: Knowledge Management Grants MOA – Principles to follow:

With respect to the Knowledge Management Grants for which SGP countries can utilize up to 5% of their grant allocations, the same MOA modality is to be used; even if the activities of the project are not traditional SGP grant activities.

For such endeavors the following principles should be adhered to at all times:

- the identification and selection process remains in line with established SGP standards
- the grant project includes an element of capacity building
- the party being engaged is an eligible SGP grantee, i.e. NGO or CBO
- the identification / selection process is made open to all local and national NGOs and CBOs as much as possible
- the selected entity provides a report on the utilization of the funds

In essence, these items follow the same procedure as a usual SGP grant-making process.

Furthermore, these types of activities – knowledge management (including M&E that creates case studies and lessons learned for dissemination), stakeholders' workshops, networking, policy advocacy – should be part of the overall Country Programme Strategy in meeting the objectives of capacity building and be in line with the country programme's project development and portfolio.

d)      **MOA Amendment**

Through an amendment to the original MOA any item (duration, amount, activity, disbursement schedule) can be changed - except for the recipient entity.

If the recipient remains the same but the officially registered name changes, an amendment is not required. However, the grantee must send a letter informing UNOPS of the change of name, and provide a certified true copy of the legal documents effecting the change of name. (The ATLAS vendor profile needs to be updated accordingly.)

In case the banking information of a grantee changes, no amendment is necessary.  However, the grantee must send a letter informing UNOPS of the change of banking information. Due to the fact that the original banking information is indicated in the MOA, clear records of communication with the grantee needs to be on file (ATLAS vendor profile needs to be updated accordingly).

It is essential that all relevant factors that lead to an amendment are clearly documented and communicated to the grantee. The most common cause for MOA amendments in the SGP are delayed grant activities. These would result in no-cost alterations of the payment schedule and/or the project end date.  The timeline of grant project activities is a major factor in determining if an MOA needs to be amended. The late submission of progress and financial reports by grantees does not warrant an amendment as long as it does not result in a significant delay of activities. Actual delays of activities need to be reflected in amendments to the payment schedule and the grant project workplan. For more specific queries on MOA amendments the MOA Amendment

Guidance Note can be consulted. (**LINK – MOA Amendment GUIDANCE NOTE LEGAL APPROVED DEC 06**)

e)        **Successful MOA / Grant Project Conclusion with less funds than awarded**

In some cases grant projects will require less funds than approved by the NSC and indicated in the MOA.  Such scenario would result into the following steps:

- The grantee should submit a letter indicating that there will be no further claims under this project (**LINK – MOA LOWER AMOUNT TEMPLATE**)
- relevant communication should be filed appropriately
- grantee expenditure reports and invoices need to match the amounts in the above mentioned letter.

f)        **MOA Termination before completion due to Non-Performance by Grantee:**

The National Coordinator needs to make all efforts to solve problems and issues with grantees as they occur and avoid the termination of the grant project MOA.  This includes withholding payments of funds until, in the opinion of the NC (and UNOPS), the situation has been corrected (see clause *6.2)* of the MOA template.

As a last resort, an agreement can be legally terminated by taking the following steps:

- The NSC should be notified/consulted and agree with the termination,
- The case should be clearly documented - including written correspondence with the grantee (refer to clause 6.2 and 6.9 of the MOA),
- An official termination agreement should be drawn up and signed by the UNDP RR on behalf of UNOPS and the grantee (**LINK – MOA TERMINATION AGREEMENT TEMPLATE**)**; in less severe cases, a simple termination notification letter, signed by the UNDP RR may be issued** (**LINK – TERMINATION LETTER – ONGOING – NON-PERFORMING GRANTEES**).
- Immediately upon termination, ensure that all relevant documents are filed, the SGP database is updated and any funds already disbursed are returned to the project budget.  Should the funds still be available in authorized Purchase Orders these items should be cancelled in ATLAS.  Please refer to Chapter 4.1.5 on steps to return funds to the project.

g)        **MOA Termination of Expired / Incomplete Projects**

For projects that exceed the end date indicated in the MOA and it is determined that completion of the project is not to be expected in the near future, a termination notification letter, signed by the UNDP RR, should be issued to the respective grantee (**LINK – UNDP RR MOA TERMINATION LETTER – EXPIRED PROJECTS**).

**7.2        Signatory Principle – Delegation of Authority (DoA)**

The NC or the PA has no Delegation of Authority to sign any contractual documents on behalf of the GEF/SGP or UNOPS.

Despite the absence of contract signature authority, the NC has the responsibility to certify financial statements (i.e. grantee reports, admin expenditures). This is in line with the reporting lines as specified in the National Coordinator's Job Description / Terms of Reference.

The UNDP Resident Representative / Resident Coordinator has the formal Delegation of Authority (DoA) to sign contractual agreements (incl. MOAs) on behalf of UNOPS. This is conform with the umbrella MOU between UNDP and UNOPS (**LINK** – MoU between UNOPS_UNDP_MOU_June09) and reiterated through a specific UNOPS NAO letter regarding OP4 MOAs to all Resident Representatives / Resident Coordinators dated 11 October 2007 **(LINK –** OP4 MOA DoA Letter to RR signing MOAs**).**

Where the UNDP Resident Representative signs a contractual agreement (MOA) on behalf of UNOPS the contract/agreement should not refer to UNDP.  Similarly, the contract should not be on UNDP letterhead as this gives the impression that it is a UNDP contract.

### 7.3      Lease Agreement / Common Premises MOU

All SGP hosting arrangements are required to be based on contractual documents, be it with the UNDP CO (using the Country Office house/premises) or another hosting entity or landlord. For these mandatory arrangements there are two different types of legal frameworks:

- *Common Premises / UN House Memorandum of Understanding - MOU (with UNDP or other UN Agency)*

  The UNDP CO or UN Agency offering the UN house/premises would usually have a standard template of this MOU.  In most cases the SGP will be one of many signatories to a hosting MOU related to the UN common premises.  (**LINK** – MOU on UNDP Common Premises). However, in the absence of such a template it is to be established / negotiated between the UN partner agency and the National Coordinator. If a hosting arrangement with the UNDP CO is based on an MOU and the UNDP Resident Representative is signing the MOU on behalf of the UNDP, the MOU should be sent to UNOPS for review by its legal team and countersignature.

- **Lease Agreement (non-UN hosting)**

  A standardized Lease Agreement template has been developed **(LINK** – Model Lease Agreement UNOPS Legal)** which should serve as a basis for the negotiations and the draft agreement with any commercial leasing entity or individuals. However, the terms can be modified in order to match the agreement with local conditions, customs, procedures and possible legal contexts.

  In both cases the National Coordinator is required to negotiate the best possible terms, preview the draft agreement to ensure compliance with standard clauses and send this draft version to UNOPS for legal review and final advice/clearance. The UNOPS Legal Unit is standing by to assist on such matters.

  Items to consider before entering into an agreement:

    o  Any Lease Agreement or MOU must be in English, French or Spanish.
    o  Only the UNDP RR/RC can sign the lease agreements on behalf of UNOPS
    o  UN Security standards must be adhered to – MOSS compliance

    o The National Coordinator should always aim for the most cost-effective option and/or re-negotiate rental costs.

### 7.4     **Conflict of Interest / Ethical Conduct**

Non-compliance with the established UN ethical standards bears a great risk to the SGP. This is true on the local and the global programme level, for the individual and the organization as a whole. The success of the SGP relies heavily on its image and perception and much hard work and positive impact can potentially be tarnished when the overall reputation of the SGP is jeopardized.

Simple Definition - What is conflict of interest?

A 'conflict of interest' occurs when one's private interests – such as outside professional relationships or personal financial assets – interfere with the proper performance of one's professional functions or obligations as a United Nations official.

    A conflict of interest can be:

    a) Actual: Private interests interfere with official responsibilities

    b) Apparent: People may reasonably think that private interests interfere with official responsibilities

    c) Potential: Private interests may interfere with one's official responsibilities.

*Example of potential conflict of interest: an NSC member associated or employed by a potential grantee participates in an NSC meeting in which this particular NGO's/CBOs proposal is reviewed.*

UNOPS has provided the related UN guidebook "Working together – Putting ethics to work"( **LINK**) to all SGP personnel and made the (**LINK** – online training and test) [refer to item 9.3 for access instructions] mandatory in order to raise the awareness to these standards. The completion of the online training is a requirement for every SGP personnel's contract extension. As certificate, the SGP personnel are advised to sign the related 'SGP – Ethical Conduct Statement' (**LINK –** Ethical Conduct Statement Form Apr08). Due to the importance of this subject it is required that a continuous discussion on potential conflict of interest situations and the UN ethical standards is initiated within the NSC. Sensitivity toward this subject is crucial. This should ensure that any arrangements involving potential conflict of interest exposure or unethical conduct are immediately detected and reported.

The ethical conduct as per UN standards includes Gender / Cultural Sensitivity which are inherent aspects of the everyday work in the international community. For more detailed background, the above mentioned UN guidebook "Working together – Putting ethics to work" is available.

### 7.5     **Internal Control Framework (ICF) / ATLAS Rights**

An internal control framework is generally defined as all the policies, procedures, monitoring and communication activities, standards of behavior and other activities that combined:
- Safeguard assets from inappropriate use and loss from fraud and error;
- Help ensure the quality of internal and external reporting, through the maintenance of proper records and information flows and;
- Facilitate compliance with applicable laws, regulations and internal policies.

All financial activities and transactions in the SGP are subject to the established UNDP/UNOPS Internal Control Framework (ICF). The ICF is integrated in the ATLAS system – through the various ATLAS user/buyer/approver rights – and outside the system – through reporting lines, certifying and signature authorities.

Local financial activities (especially in ATLAS) are subject to the established ICF of the UNDP CO. The exact authority level details may vary depending on the capacities and local procedures of the UNDP CO but it is imperative that the NC/PA familiarize themselves with the local UNDP CO set-up. This will facilitate smooth day-to-day operations.

UNOPS is the budget owner of the GEF/SGP. This means that all items processed in the ISO XXX50 (UNOPS Business Unit for the specific country) are subject to UNOPS authorization and have to be linked to a communication from UNOPS that states that a specific amount of funds can be used for a specific purpose.

UNDP does not create or approve UNOPS requisitions. All purchase requisitions should be raised and approved by UNOPS personnel.

For the SGP this simply means that a UNDP CO can directly and immediately act upon a UNOPS authorization and draw from an item created in a UNOPS ATLAS Business Unit and that both agencies have access to the same tools and data.

There must be a reasonable segregation of duties to minimize the risk of fraud and to promptly detect fraud.  Personnel should have only one Atlas profile, which is consistent with their role.

The NC/PA has ATLAS Buyer rights which allow the following actions:
- Create vendors
- Create Requisitions (REQs)
- Budget Check Requisitions (REQs)
- Create POs (including Sourcing from REQs)
- Budget Check POs
- Dispatch POs
- Create Receipts
- View Reports

Supporting documentation should be limited to critical information in support of transactions processed in ATLAS, enabling the designated Manager to make a decision regarding the approval of a given transaction. Such documentation should be maintained for audit purposes.

The electronic versions of documents are permissible as long as the authenticity can be ensured and any alteration can be prevented.

For more detailed information with respect to the UNOPS Internal Control Framework, reference is made to (LINK – Internal Control Framework for UNOPS offices).

### 7.6      Misappropriation/Misuse of Funds

The first step to be taken in those cases is that UNOPS and CPMT are immediately and fully informed of the situation. In order to prevent any wrong accusations, it must be emphasized that it is critical to ensure that clear evidence of the deliberate and actual misappropriation is presented and, if possible, confirmed by another institution (usually the UNDP CO). Once the allegation is substantiated, the following actions should be considered:

- UNOPS/CPMT are fully appraised of the situation and provided with the relevant documentation
- All attempts to recover the funds should be made, in particular by involving the UNDP CO who will have more experience with such cases.

- A clear record on the case in question as well as the entity or individual involved should be kept in order to prevent future SGP engagements.

### 7.7 Use of UNOPS Logos

If a country team intends to include the UNOPS logo on any external documentation (i.e. publications, presentations, reports, etc) the UNOPS focal point responsible for the respective SGP region should be contacted in advance.  Each case will briefly have to be reviewed by the UNOPS Legal Council.

## Chapter 8: Communications: Some Practical Notes

### 8.1      Who is your Direct Contact Person? – UNOPS, CPMT, Regional Senior NC

**Regional Focal Person table**

| Region | CPMT Focal Person | UNOPS Focal Person | Senior NC |
|---|---|---|---|
| **Asia - Pacific** | Sulan Chen/ Terence Hay-Edie | Philipp Von Waechter / Markus Schnall | Shireen Samarasuriya (Sri Lanka) |
| **Africa (East / South)** | Terence Hay-Edie | Philipp Von Waechter | Nehemiah K. Murusuri (Tanzania) |
| **Africa (West)** | Terence Hay-Edie | Edriss Riffat | Oumar Wane (Senegal), Oumar Kaba (Mali) |
| **Arab States** | Sulan Chen | Sasha Logie | Emad Adly (Egypt), Munir Al-Adgham (Jordan) |
| **Latin America & Caribbean** | Ana Maria Curea | David Daepp | Raul Murguia (Mexico), Alberto Sanchez (Dom. Rep.) |
| **Europe & CIS** | Sulan Chen | Sasha Logie | Vacant |

- **Regional Senior NC**: In order to provide additional regional coordination and a more senior advisory level, each region has at least one designated Senior National Coordinator (SNC). The SNC is usually representing a more experienced SGP country. The SNC responsibilities are wider than the standard NC as reflected in their TOR/job description and their level is established within NO-C level.

- **Who to contact first?** The main intention is that the SNC is the first contact person for general queries from NCs within the same region. S/he should provide advice and support in particular to new NCs in the regional context. The SNC is also integrated in the regional team concept (**LINK** - Regional Team TOR rev June 08) which was originally established in 2006. S/he is crucial to summarize and communicate regional issues/concerns to CPMT/UNOPS.

> *Utilize existing experiences and share knowledge on a regional basis.*

- **Regional group discussions among NC/PAs:** As already practiced in most regions on informal basis, it is encouraged and advised to establish discussion-groups (through e-mail) among all NCs/PAs. The main objective is to share good practices and solutions to common problems (example: How to resolve a Database uploading problem experienced by some countries in each region, but not by others ….).

- **Phone-conference for Exceptional Problems**: Whenever necessary in order to resolve specific complex issues, it is suggested that the SNC or SPA will send an advance email notice summarizing the issue and proposing an agreeable time leading to possible phone-conference with CPMT/UNOPS.

## 8.2    E-mail "Best Practices"

In view of the increasing (and often mailbox exceeding) volume of emails, the following 'best practices' are recommended in order to ensure better communications, email management (including electronic filing/archiving) and overall reduction of unnecessary email 'congestion'.

**Subject-Header Line**: It is very simple (only takes 1-2 minutes) and leads to better email management. Every email header should include:
- What Country?
- What is the issue/problem (brief but informative).

Examples:

- ALBANIA OP3: Problem with Grantee XYZ

- KENYA-COMPACT: Grant Payment POs 1… - …

- **"Urgent"**: The often over-used term 'Urgent' should be used only in serious cases, sparingly (rarely). In order to help CPMT/UNOPS prioritize, it shall be used with common sense, not excessively.

- **Do not copy/Reply to all**: As part of global e-mail network, it is understood that important events, awards but also personal news can and should be shared with all

SGP countries and CPMT/UNOPS. However, it is not advised to copy everybody else on specific individual messages, if not relevant to others. The same applies to copy (CC field in email). Example: When one replies to a personal message by an individual SGP personnel (congratulating to "new born baby" or "grantee received award") it should not be replied to all (i.e. SGP-Global/NC/PA e-mail group) but only to the originator of the email message individually. No more REPLY TO ALL.

- **Concise Email text:** In the interest of clarity and efficient time management, all communications should be concrete, brief, straight to the point - including necessary details (example: grantee names, voucher, PO numbers etc.). In case of a specific question, it is recommended to review available documents (SOP manual, Operational Guidelines) and consult a resource person (regional SNC/SPA) first before sending email inquiry to UNOPS and/or CPMT.

- **Cordial professional language:** It is important that all communications shall be in a polite, transparent, respectful and professional fashion. Let's keep in mind: All SGP partners are working together with the same objective to achieve SGP impact and success.

> *"We are all in the same boat".*

- **Global messages**: The purpose of circulated messages to the entire SGP mail group is to inform everybody on very important issues, news, updates and guidelines. It is critical for everybody to read and understand them to ensure best practices and knowledge sharing but also to prevent confusion at later stage.

> *"Stay informed and updated on all global messages".*

### 8.3    Language

o  As vital characteristic feature of a global program, interregional communication among all SGP countries and regions is important. Therefore, English language communication skills are essential. This is stated in the NC/PA TOR as minimum requirement. It is recommended that this criterion is tested and its compliance confirmed before any new personnel is recruited. Intra-regional group communications can be held in Spanish and French.

o  In order to assist non-English speaking SGP personnel the following free online translation tools are available:
    o  google
    o  Altavista / Babelfish

# Chapter 9: Training Modules

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*Constant Learning is essential to remain competent.*

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### 9.1    Basic Security Certificate (mandatory)

Upon recruitment, all SGP personnel, international and national (Fixed-term, Service Contract or SSA contract holders), need to complete the UN training course called "Basic security in the field". This is a non-negotiable requirement of all UN entities and their personnel. The UNDP CO usually has a CD-ROM that can be used to take the course. Otherwise the training is accessible at: www.unops.org/security . Upon completion, the new SGP personnel should send a scanned copy (or fax) of the "Certificate of Completion" to the UNOPS SGP HR Focal Person (E-mail: SashaL@unops.org )

### 9.2    ATLAS Training

While the (free) UNDP introduction training courses may vary in different countries we can only stress that it is very important to get basic knowledge of the financial ERP system called Atlas. Atlas Training can be accessed directly through the UNDP ON-DEMAND training website, indicated below with username and password.

 Website: http://ondemandweb.undp.org/ondemandproduction/ondemandwebportal/

 Username: intra.portal

 Password: Intra4UNOPS (case-sensitive)

The purpose of this training is to understand and be able to create both Atlas POs and vendors. Detailed guidelines for the various Atlas tasks can be found in the links provided in Chapter 4 below.

### 9.3    UN Ethics Online Course - Integrity Awareness (mandatory)

UNOPS requests all SGP personnel to undertake the mandatory online training in order to raise the awareness to the UN ethical standards. Its completion is a requirement for SGP personnel contract extensions. The online training and test addresses the UN ethical conduct standards and awareness of integrity and potential conflict of interest exposure. It is available in English and French. Web-site: http://integrity.unodc.org. Click on the link 'Create a Guest Account' to establish a username and password. Please send UNOPS a copy of the final certificate.

As the online test will not automatically produce a printable certificate, the SGP personnel is advised to sign the related (**LINK –** SGP – Ethical Conduct Statement Form) and submit this to the UNOPS SGP HR Focal Person (E-mail: SashaL@unops.org).

### 9.4     Access to other Online Training: Prince2

**PRINCE2** (**PR**ojects **IN C**ontrolled **E**nvironments) is a process-based method for effective **project management** that is used by UNDP and UNOPS. Several SGP personnel have already undertaken the foundation training. For more information: http://www.prince2.com/

**The World Bank**
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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August 24, 2010

Dr. Shakeel Bhatti
Secretary
International Treaty on Plant Genetic Resources for Food and Agriculture
Food & Agriculture Organization
Viale Delle Termed di Caracalla
00153 Rome
ITALY

Dear Dr. Bhatti,

*Invitation to Potential Partners of the Benefit-Sharing Fund of the International Treaty*
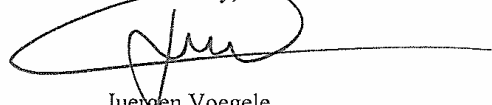*on Plant Genetic Resources for Food and Agriculture*

Thank you for the above referenced letter of May 24, 2010 addressed to the President of the World Bank, Mr. Zoellick, seeking the World Bank's input to the institutional development of the Benefit-Sharing Fund.

The World Bank recognizes the importance of the work of the Treaty for Plant Genetic Resources for Food and Agriculture and commends you and your team in the Secretariat for all the efforts you have done to operationalize the Treaty, including the funding strategy and the benefit sharing Fund. We also note and appreciate the close cooperation between the Treaty and the Global Crop Diversity Trust and the CGIAR system.

The World Bank has extensive experience in managing similar multi-donor funds and the experts in ARD will fill in the survey attached to your letter and submit it to you by the end of August.

Thanking for your interest in the World Bank's input to the development of the Benefit-Sharing Fund.

Sincerely,

Juergen Voegele
Director
Agriculture and Rural Development Department
Sustainable Development

RCA 248423. ▢ WUI 64145 ▢ FAX (202) 477-6391

## SUBMISSION BY THE WORLD BANK GROUP

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### Background

Seventy-five percent of the world's poor live in rural areas and most are involved in agriculture. In the 21st century, agriculture remains fundamental to economic growth, poverty alleviation, and environmental sustainability. To this end, the World Bank's Agriculture and Rural Development Department provides analytical and advisory services on a wide range of agriculture and rural development topics including policy and strategy, forestry, land use management, fisheries, agricultural technology, livestock, risk management, agribusiness, rural finance and land tenure.

These services include the preparation and implementation of the World Bank Group Agriculture Action Plan FY10-12 (http://siteresources.worldbank.org/INTARD/Resources/Agriculture_Action_Plan_web.pdf), monitoring of the Bank's portfolio of agriculture and rural projects and promoting knowledge sharing and learning among agriculture and rural development practitioners, inside and outside of the World Bank.

IBRD/IDA/Special   Financing commitments to agriculture and related sectors jumped to $5.3 billion in FY09, from $2.9 billion in the baseline years and $2.6billion in FY08. Lending tripled in AFR and LCR, and increased by half in EAP and SAR over FY08 levels.

**Mainstreaming biodiversity**

Operations which have supported ecosystem recovery together with long term productivity enhancement share common features, which include a long term commitment and commitments to intervene "at scale". Some examples to note are, the Loess Plateau in China, Eastern Anatolia in Turkey, a series of Sodic lands recovery

operations in India, policy lending in Mexico as well as irrigation/drainage/wetland restoration programs in the Lower Aral Sea basin. The watershed projects, which aim to restore the productivity of land, water and vegetation in an integrated way, are the most successful since most have strong co-benefits, as do the community-based natural resource management (NRM) projects. This is due to the fact that they focus on ecosystem restoration in the production landscape. Yet, there are a limited number of such watershed projects, since they often pose spatial/temporal trade-offs. Moreover, cohesively coordinating such long term projects amongst several different government agencies, in what are largely people-driven processes, can pose logistical challenges. There are also more recent examples in middle income countries, mostly within Latin America and Europe, of rural competitiveness operations which also support ecosystem recovery. In addition, there are a number of operations to support rural income enhancement through development of ecosystem services, for example, forests for water services in Costa Rica, and landscapes for tourism in Montenegro. However these have mostly been implemented in upper middle income countries.

Co-financing from the Global Environmental Facility (GEF) has largely helped to pilot the incorporation of biodiversity into agricultural and rural development projects recently.

### Oversight and implementation of projects and Financial Management of projects

This section focuses on Bank's competence in multi donor trust fund operations, which are closest to the proposed benefit sharing fund in their operational modality.

*a)        Institutional capacity*

Over the past 30 years, trust funds have been an important instrument for channeling donor funding to the Bank to:

- Help leverage its funding for development
- Help the international community maximize coordinated action both globally and at the country level; and
- Build capacity to work in innovative and unproven areas such as gender and governance.

Trust Funds also provide a common funding vehicle for partnership programs in which the Bank, donors, and other stakeholders work together to tackle a specific development issue or find new ways to approach problems.

TF Portfolio: The World Bank Group's trust fund portfolio has grown rapidly. Between fiscal years 2005 and 2009, funds held in trust tripled from US$11.56 billion to US$28.49 billion.

Number of TFs: As of October 30, 2009, the Bank is managing 1,045 main Trust Funds (or Donor Contribution Accounts). There are currently around 2,700 active Bank Executed Disbursing Funds and 1,500 Recipient Executed Disbursing Grants under these 1,045 Main TFs.

Major Trust Funds of the Environment and Sustainable Agriculture sectors:

Global Environment Facility (GEF)

   Least Developed Countries Fund for Climate Change (LDC)
   Prototype Carbon Fund (PRCF)
   Netherlands Clean Development Mechanism Facility (NCDMF)
   Community Development Carbon Fund (CDCF)
   Bio-Carbon Fund (BioCF)
   Consultative Group on International Agricultural Research (CGIAR)
   The Trust Fund for Environmentally and Socially Sustainable Development (TFESSD)

More information on the Bank's trust fund operations is available at:

http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/CFPEXT/0,,contentMDK:20135627~menuPK:640  and

http://siteresources.worldbank.org/CFPEXT/Resources/299947-1274110249410/Directory_Programs-2010_03_31.pdf

## b)        Oversight and execution of projects and programs

Multilateral Trusteeship and Innovative Financing department. This department is responsible for the development, implementation and management of the business, financial and operational frameworks for multi-donor and multilateral trust funds and initiatives, including the design and implementation of innovative financial initiatives. This department works closely with the thematic sector staff to develop the governance, management and administration procedures for each trust fund.

The Financial Management department (CFPFM) provides financial advisory, risk management, and IT development services across the teams within Concessional Finance and Global Partnerships (CFP).The Financial Management department advises on CFP-related financial challenges; monitors and reports on risks; reviews CFP business processes from the perspective of controls, oversight, and governance adequacy; fosters synergies and information-sharing across CFP teams; and develops IT applications for all Bank Trust Funds.

More information is available at:

http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/CFPEXT/0,,contentMDK:22466874~menuPK:6795899~pagePK:64060249~piPK:64060294~theSitePK:299948,00.html

and in the Financial management brochure

http://siteresources.worldbank.org/CFPEXT/Resources/FM_brochure_May_2010.pdf

## Procurement

The World Bank has strict procurement guidelines, which can be found at:

http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/PROCUREMENT/0,,pagePK:84271~theSitePK:84266,00.html

These also apply to the TF operations. In addition some TFs have specific geographic focus, or other specific eligibility criteria.

**Strategic development of the benefit-sharing fund**

As outlined above the World Bank has extensive experience in the governance, programmatic and financial management of multidonor programs and funds. In terms of further development of the fund it is suggested that the Secretariat staff of the Fund be in touch with ARD to organize a meeting with the Global Partnerships and Trust Fund Operations staff, who could share their experience in setting up similar funds.

September 24, 2010, E. Pehu