

Chapter 4 PROJECT MANAGEMENT AND IMPLEMENTATION

Chapter Overview

This chapter describes the various documents used to delegate implementing authority to UNHCR's implementing partners to undertake sub-projects. The contents of Sub-Project Agreements are explained, with reference to the applicable appendices to this Handbook. Separate sections are devoted to procurement and asset management.

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Section 4.1 UNHCR IMPLEMENTING AUTHORITIES AND INSTRUMENTS

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1. INTRODUCTION

1.1 The basic unit for organizing UNHCR assistance within an individual country programme is a Project, which is defined by the type of assistance, the source of funding, the Project's location, and the specific refugee group for whom the assistance is being provided. That part of a project being implemented by a single implementing partner (or UNHCR organizational unit) in a single currency is called a Sub-Project (see Section 2.1).

1.2 Implementing partners are usually specialized government departments or agencies, other members of the UN system, non-governmental or intergovernmental organizations, and, exceptionally, private firms. Direct implementation by UNHCR occurs only under certain circumstances (see Section 1.5).

1.3 Project implementation authority is delegated in the first instance to a UNHCR Representative in a Field Office (or to a UNHCR's Headquarters Unit). Based on the delegation of authority, implementing agreements for Sub-Projects are then issued and signed with UNHCR's implementing partners.

1.4 The legal basis for the delegation of the implementation of projects in UNHCR is embodied in **implementing instruments**, which define the conditions governing Project implementation, and provide authority for the obligation of funds. This section explains the different types of implementing instruments, and their particular use in UNHCR.

2. DELEGATION OF IMPLEMENTING AUTHORITY

Letter of Instruction (LOI)

2.1 For most UNHCR Projects today, the implementing instrument used is a Letter of Instruction (LOI). An LOI is the means by which UNHCR Headquarters delegates Project implementation authority to a UNHCR Field Office (or Headquarters organizational units). The LOI authorizes the UNHCR Representative to implement Projects directly, and/or to enter into implementing agreements with implementing partners. The LOI defines the purpose, objectives, duration and modalities of implementation of a Project, and the maximum amount of funds to be made available. LOI obligation levels are always expressed in US dollars.

2.2 LOIs are initially established following the annual meeting of EXCOM in October, at which the Annual Programme Budget is approved. Obligation levels for implementing instruments are finalized following the UNHCR Pledging Conference (November/December), the success of which determines the initial obligation plan for the coming year. These LOIs should reach Field Offices before January 1.

2.3 Project implementation can only begin after the implementing instrument has been signed and issued. For implementing partners, this fact is most significant. Delays in the issue of LOIs may result, in turn, in delays in the establishment of an implementing agreement, thus causing a delay in the planned imple-

mentation, and delays in the payment of instalments. UNHCR administrative procedures have been streamlined in recent years to avoid such delays, but problems do sometimes occur, usually due to incomplete Project proposals or submissions (see below, and Section 3.5).

2.4 To avoid these problems, UNHCR Field Office staff and implementing partners must confer at the beginning of the Project planning exercise, to reach agreement on the planning parameters, format, level of detail required, and timing of Project/Sub-Project submissions (see Section 3.4).

Emergency Letter of Instruction (ELOI)

2.5 In particular situations, instead of the usual LOI, an ELOI may be issued. The purpose of an ELOI (usually sent via telecommunications means) is to give a UNHCR Representative in a country where an emergency situation is rapidly evolving the immediate authority to incur expenditures. An ELOI is an internal delegation of authority from Headquarters to a UNHCR field operation. It also enables the UNHCR Representative in the country where the emergency is evolving to enter into agreements for Project/Sub-Project implementation with implementing partners. The ELOI is not intended to cover the whole emergency operation, but to permit a rapid response to immediate needs, pending the formulation of an assistance Project based on a more detailed needs and resources assessment. A standard format is included in the UNHCR *Handbook for Emergencies* (Second edition, August 1999, pages 69-70).

Contents of an LOI/ELOI

2.6 Letters of Instruction include the following information:

- a. summary data: Project title, relevant financial information and reporting requirements;

- b. reference to the key provisions of the Sub-Project Agreement, including its Appendix 1 which sets out the Financial and Operational Arrangements governing the Agreement; and
- c. the key Annexes, which are Annex A – Project Description (LOI, not ELOI), Annex B – Budget (LOI/ELOI), and, where appropriate, Annex C – Workplan (LOI, not ELOI).

3. TYPES OF IMPLEMENTING AGREEMENTS

3.1 To improve the effectiveness and efficiency of the Programme Management System, the decision was made to delegate implementing authority for **Projects** (using a Letter of Instruction) to UNHCR Representatives in the areas where the assistance activities are carried out – the field. Invariably, a Project is made up of a number of **Sub-Projects**. Implementing agreements signed in the Field with a range of partners (government departments, non-governmental organizations) to implement these sub-projects are called **Sub-Project Agreements**. These are the most common forms of agreement.

3.2 It should be noted that occasionally, a **Headquarters Agreement** may be entered into (but this is rare), when there is only one implementing partner for a project, and the agreement is established between the respective UNHCR Headquarters Bureau and the implementing partner.

3.3 An **Exchange of Letters** is a simplified type of Agreement, which is usually chosen when the implementing partner is another UN Agency.

Sub-Project Agreements

3.4 A Sub-project Agreement is established under the authority of a Letter of Instruction (LOI/ELOI) and represents the delegation of

authority for implementation of a Sub-Project from a UNHCR Field Office to an implementing partner. It is signed by the addressee of the Letter of Instruction (usually the UNHCR Representative or his/her designate) and the authorized signatory of the implementing partner. When project implementation will be undertaken by several implementing partners, separate Sub-Project Agreements are required for each partner.

3.5 The conclusion of a Sub-Project Agreement allows the transfer of instalments to implementing partners, subject to the availability of funds, without further authorization from UNHCR Headquarters. Amounts obligated and remittances made are in the currency of the budget attached to the Sub-Project Agreement.

3.6 A Sub-Project Agreement is, in essence, a 'contract' between UNHCR and the implementing partner. Every Sub-Project Agreement, however, contains an Article (5.04) which carries the proviso: "subject to the availability of funds". When UNHCR enters into a Sub-Project Agreement, it expects that sufficient funds will be raised to meet the total Sub-Project requirements. But because UNHCR is almost completely dependent on voluntary contributions, there is no guarantee that it will always be able to fund the entirety of the requirements; the shortfall may, in some cases, have to be covered by the implementing partner. Hence, UNHCR is unable to commit unconditionally to providing the total funding shown in the Sub-Project Agreement.

Letter of Mutual Intent to Conclude an Agreement

3.7 In situations of exceptional urgency, an interim Letter of Mutual Intent to Conclude an Agreement may be signed with an implementing partner in order to begin a Sub-project immediately. This letter is *not* an implementing instrument, but a temporary arrangement, pending the preparation of a detailed budget and of a formal Sub-Project Agreement. A format is proposed in the UNHCR *Handbook for Emergencies*, Second edition, August 1999, page 74.

4. IMPLEMENTING AGREEMENTS: TERMS AND CONDITIONS

4.1 Sub-Project agreements exist in three forms:

- for Sub-Projects to be undertaken as part of a Tripartite Agreement i.e. an Agreement between UNHCR and the government hosting the refugees, and the implementing partner;
- for Sub-Projects to be undertaken by governments or government departments and ministries i.e. an Agreement between UNHCR and the government ministry responsible for refugee affairs;
- for Sub-Projects to be undertaken by non-governmental organizations (NGO) i.e. an Agreement between UNHCR and the NGO.

What follows, primarily relates to Sub-Project Agreements with non-governmental organizations.

4.2 Appendix C1 to this Handbook has the new format for the Tripartite Agreement; this new format is effective for Sub-Project Agreements as from the 2003 programme year.

4.3 The new format has been introduced mainly for a range of legal reasons; the articles in the Agreement and the related provisions in Appendix 1 (Financial and Operational Arrangements) to the Agreement, represent a re-arrangement of the provisions in the former sub-agreements and the governing clauses. New provisions or clarifications have been included in relation to: use of UNHCR logo; responsibility for claims; conduct of agency personnel; copy-right, patents and other proprietary rights.

4.4 Attention is drawn to Appendix A to this Handbook; here there is set out a range of documents of particular relevance to the standards of behaviour expected of those working for refugees, be they UNHCR staff or those working

with UNHCR to improve the situation of refugees or others of concern to the Office.

Implementation in more than one currency

4.5 Each Sub-Project can be valued in only one currency. If a partner is implementing in two currencies (e.g. local currency for local expenditures and a convertible currency e.g. for international procurement, expatriate salaries etc.), two Sub-Projects are required, each with its corresponding budget (in one currency). In such cases, two Sub-Project budgets should be established: one in the local currency and the other in the international operating currency of the partner. Establishing budgets in more than two different currencies, however, should be avoided. Both Sub-Project budgets should be attached to the one Sub-Project Agreement that is the legal document signed with the implementing partner. Three examples of such pairs of Sub-Project codes are shown below:

03/AB/RUR/CM/200(a):
Sub-Project budget for local expenditures
03/AB/RUR/CM/200(a\$):
Sub-Project budget for US Dollar expenditures

03/AB/RUR/CM/200(b):
Sub-Project budget for local expenditures
03/AB/RUR/CM/200(be):
Sub-Project budget for expenditures in Euros

03/AB/RUR/CM/200(c):
Sub-Project budget for local expenditures
03/AB/RUR/CM/200(c1):
Sub-Project budget for expenditures in a different convertible currency (i.e. other than in US Dollars or Euros)

4.6 When two or more Sub-Project budgets for implementation in separate currencies are attached to one Sub-Project Agreement, only one Sub-Project description should be prepared. This single Sub-Project description should, however, fully describe outputs under all Sector-Activities in “Description of Objectives and Outputs”,

regardless of the Sub-Project budget in which they appear. The symbol used to identify the **Sub-Project Agreement** in the above example would be 03/AB/RUR/CM/200(a).

Instalment Plan

4.7 An instalment plan is outlined in the Sub-Project Agreement for each Sub-Project budget, as agreed between UNHCR and the implementing partner. The plan should reflect the planned rate of implementation. The minimum number of instalments should be four while, for large Sub-Projects, they may be monthly.

4.8 Instalments are normally paid to implementing partners by the UNHCR Field Office (see Section 5.3). However, in certain situations (e.g. when a Sub-Project Agreement signed by the Field Office requires a transfer of US dollars or another other convertible currency to an implementing partner for purchases and/or payments to be made outside the country of implementation), an instalment may be paid by UNHCR Headquarters to an implementing partner on behalf of the Field Office, provided that a written request has been sent to Headquarters from the Field Office, specifying the currency of transfer and the appropriate Sub-Project code for that currency.

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1. PRINCIPLES AND RESPONSIBILITIES

1.1 The implementation of assistance projects may entail the procurement of goods and/or services. Procurement is the process of obtaining goods and services from external sources against payment. Guidelines for implementing partners and procedures governing procurement are described below.

1.2 In line with audit recommendations, UNHCR's policy is to limit purchasing by implementing partners (IPs) to only those occasions when the implementing partner has a clearly proven advantage, such as awareness of local conditions or specific technical expertise. The Agreement (Art. 6.11) and Annex A to the Sub-Project Agreement (namely the Sub-Project Description) will indicate who is responsible for any procurement.

1.3 Where procurement is undertaken on the basis of a delegated authority from UNHCR, it must be in conformity with UNHCR's Procurement Guidelines. In certain instances, an implementing partner may be "pre-qualified" to undertake procurement according to its own agency rules, if its procurement policies and procedures have been assessed as comparable to UNHCR's own principles for procurement, as set out in UNHCR's Procurement Guidelines.

1.4 The Sub-Project Agreement will indicate whether UNHCR is satisfied with the implementing partner's procurement practices and procedures; in other words, that the imple-

menting partner has been "pre-qualified". Otherwise, all other delegated procurement is subject to UNHCR's Implementing Partners Procurement Guidelines attached to Appendix 1 (Financial and Operational Arrangements) to the Sub-Project Agreement; in which case, the implementing partner, by signing the Sub-Project Agreement undertakes to respect the Implementing Partner Procurement Guidelines.

1.5 Implementing Partners that purchase on behalf of UNHCR must also handle the delivery. All purchases done by an implementing partner with UNHCR funds shall be consigned to UNHCR.

1.6 Regardless of who undertakes procurement, the provision of goods and/or services and the significance of this activity towards the success of the Sub-Project must be reported in Sub-Project Monitoring Reports (SPMRs) submitted periodically by the implementing partner (see Section 5.2).

2. IP PROCUREMENT GUIDELINES

2.1 The overall objective of procurement with funds donated to UNHCR is to provide the appropriate quality and quantity of goods and services to support UNHCR operations at the time and place that they are needed, and in the most cost-effective manner, while taking into account the following considerations:

- the mandate of UNHCR and the UN;

- the fairness, integrity and transparency of the process;
- non-discrimination and equal treatment of vendors; and
- the award of contracts on the basis of competitive bidding.

2.2 To support implementing partners (IPs) who undertake procurement on behalf of UNHCR, the organisation has developed the so-called **IP Procurement Guidelines**. They consist of three major parts:

- Policy
- Procedures
- Sample forms and documents

These Guidelines may be accessed on UNHCR's website (*Partners/Partnership Guides*).

2.3 The Guidelines are intended to be a source of information and guidance for *all* UNHCR implementing partners; they are binding, in particular, on those partners who will be undertaking procurement as part of a Sub-Project and who have not had their own procurement practices assessed by UNHCR; in other words, those who have not been pre-qualified. These implementing partners, by signing a Sub-Project Agreement, oblige themselves to respect the IP Procurement Guidelines.

3. PROCUREMENT BY IMPLEMENTING PARTNERS

3.1 In 2001, UNHCR Sub-Project Agreements were revised to set new conditions for the delegation of procurement to implementing partners. For Sub-Project Agreements involving the delegated procurement of goods and services, there are three distinct procedures, depending on the level of the proposed procurement:

under US \$ 20,000

For Sub-Project Agreements involving procurement of goods and services budgeted at less than

US\$ 20,000, no special provisions apply other than conformity with UNHCR's Procurement Guidelines.

equal to and over US \$ 20,000 but less than US \$ 100,000

The implementing partner to which delegated procurement authority is to be given must appear on the UNHCR list of pre-qualified agencies (see Pre-qualification of Implementing Partners for Procurement), or the Sub-Project Agreement must indicate that all procurement to be undertaken under the Sub-Project is to be governed by the IP Procurement Guidelines.

equal to and over US \$ 100,000

The procurement must be approved by the applicable UNHCR Committee on Contracts *prior to* signature of the related Sub-Project Agreement, and the Implementing Partner must appear on the UNHCR list of agencies pre-qualified for procurement, or the Sub-Project Agreement must indicate that all procurement to be undertaken under the Sub-Project is to be governed by the IP Procurement Guidelines. The Committee on Contracts approves the delegation on the basis of operational efficiency and cost-effectiveness, taking into account the following:

- whether UNHCR Supply Staff were consulted in planning the delegation of the procurement, in particular if UNHCR has a Frame Agreement for the item/service;
- whether the implementing partner has the capabilities to carry out the procurement;
- whether the implementing partner can procure the goods or services free of customs duties, levies and direct taxes or can claim their reimbursement; and if the implementing partner cannot obtain the tax and duty exemption, that the resulting additional cost has been given due consideration.

4. PRE-QUALIFICATION OF IMPLEMENTING PARTNERS FOR PROCUREMENT

4.1 UNHCR has a process of “pre-qualification” to assess whether the implementing partner is qualified to undertake procurement on UNHCR’s behalf, according to its own procurement rules. This applies mainly to major implementing partners, as well as those with whom individual UNHCR Offices in the Field work on a regular basis and whose activities include, or may include, important procurement elements.

4.2 To be “pre-qualified”, the procurement policy and procedures of an implementing partner are evaluated by an independent expert against evaluation criteria and a scoring model defined in advance and systematically applied to all UNHCR partners who participate in the pre-qualification exercise. Some of the major evaluation criteria are those listed in paragraph 2.1 above.

5. TRAINING AND MONITORING

The training in UNHCR procurement policy and procedures, where necessary, and follow up through regular monitoring, are both part of UNHCR’s efforts to raise the level of quality and accountability in procurement. The procurement training course aims to help implementing partners become aware of the appropriate methods for doing business funded by UNHCR. Necessary for this is an understanding of how UNHCR manages its procurement.

The training covers the following areas:

- Public Procurement Environment
- Preparation Stage
- Advertising Stage
- Response Stage
- Award Stage
- Contract Management Stage.

Section 4.3 ASSET MANAGEMENT

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1. THE OBJECTIVE OF ASSET MANAGEMENT

1.1 The term “Asset Management” describes the process by which UNHCR accounts for its assets, from the time of acquisition until disposal. The objective of the Asset Management function in UNHCR is to achieve the most efficient use of its assets procured from voluntary contributions.

1.2 The details of each asset, including those on loan to implementing partners, is recorded in an AssetTrak database maintained by UNHCR.

2. ASSET MANAGEMENT BOARDS

UNHCR Asset Management Boards have been established at Headquarters and in the Field; they are responsible for monitoring the operation of the UNHCR Asset Management system. The Boards are also responsible for making decisions on the redeployment, disposal, and repair of assets.

3. WHAT IS AN ASSET?

3.1 Assets (non-expendable property) are grouped into three categories: **Liquid, Capital, and Advances and Receivables.**

- **Liquid Assets** cover all cash and receivables due to UNHCR.

- **Capital Assets** are items of equipment with an original acquisition value of US\$ 1500 or more per unit (excluding freight and insurance charges), and which also have an expected serviceable life of five years and more, owned by UNHCR regardless of funding source (including in-kind donations), or user. The term ‘capital asset’ also describes physical structures such as temporary buildings, warehouses, clinics and hospitals and “**Special Items**” (see below), irrespective of acquisition value, or life-span.

- **Advances and Receivables** are all amounts due to UNHCR by third parties.

3.2 The categories of **Special Items** (exceptionally considered as non-expendable) are as follows:

- a. **Vehicles:** all forms of transport, including heavy-duty equipment, motorcycles and electrically driven vehicles (excluding bicycles);

- b. **Computer Equipment:** desktops, servers, LANs, printers, voltage regulators, inventory control equipment (e.g. Barcode Readers);
- c. **Plant:** road building and agricultural equipment;
- d. **Boats:** all types of boats, outboard motors, safety equipment (e.g. safety vest);
- e. **Telecommunications Equipment:** transceivers, PBX and accessories, repeater stations, portable communication equipment (i.e. walkie-talkies, portable satcom systems, cellular telephones), power supplies for transceivers, solar panels, battery chargers, tuners for antenna and amplifier);
- f. **Security Equipment:** flak jackets, helmets, ballistic kits and mine clearance equipment;
- g. **Generators.**

4. LOAN OF ASSETS UNDER RIGHT OF USE AGREEMENTS

4.1 Assets are loaned to implementing partners to support a programme/project; the right of use of such assets are governed by the Articles of the **Agreement for the Receipt and the Right of Use of UNHCR Assets** (Appendix E1). The specific assets and physical structures related to a given Sub-Project are set out in the document attached to the **Agreement for the Receipt and the Right of Use of UNHCR Assets**. The Head of Office of the implementing, etc. The Head of Office of the implementing partner shall normally be the focal point for all assets provided under the **Agreement for the Receipt and the Right of Use of UNHCR Assets**. This person is responsible for managing the inventory of assets on behalf of the implementing partner and normally is the one who signs the related Agreement for all assets provided.

4.2 Assets loaned under Agreement are recorded in the UNHCR AssetTrak database.

5. OWNERSHIP/DISPOSAL

5.1 Ownership of assets remains with UNHCR whether on loan to staff or implementing partners, and regardless of the source of funding. The Asset Management Board is responsible for deciding the eventual disposal of assets based on the following factors:

5.1.1 The value of the assets and their potential continued usefulness to the organisation. A key factor is whether the assets are moveable and therefore can be redeployed for use in other UNHCR operations.

5.1.2 The following are the methods of disposal:

- a. redeployment to other UNHCR offices or operations;
- b. sale;
- c. transfer of ownership to provide continued support to partners after the withdrawal of UNHCR from a Project;
- d. write-off from the accounts when no longer required or usable e.g. when the asset has been badly damaged or lost through theft, looting, etc.

5.2 At the end of a Sub-Project, the future use of assets must be decided by UNHCR.

5.3 If the Board decides to transfer the ownership of an asset to an implementing partner, or former implementing partner, the transfer is effected on the basis of an **Agreement on the Transfer of Ownership of UNHCR Assets** (Appendix E2). The relevant UNHCR Office shall produce this Agreement for signature by the UNHCR Head of Office and the authorized representative of the implementing partner.

6. IMPLEMENTATION PROCEDURES

6.1 As noted above, assets are loaned to implementing partners under the *Agreement for the Receipt and Right of Use of UNHCR Assets*.

6.2 Assets are signed for at the time of receipt.

6.3 A list of asset holdings is to be entered on the relevant form enclosed with the SPMR.

6.4 UNHCR is required to carry out a physical inspection of all assets at least annually. The UNHCR Office will provide a list of assets held in the name of the implementing partner on the AssetTrak database. The implementing partner will be requested to verify the list, adding any additional assets held, which are not shown on the list.

6.5 The UNHCR Office staff may also visit the implementing partner to verify the asset holdings.

7. PROCUREMENT OF ASSETS BY IMPLEMENTING PARTNERS

Assets procured by implementing partners under Sub-Project Agreements with UNHCR funds should be declared to the UNHCR Office on receipt. The UNHCR Office will then arrange for the asset to be inspected and recorded into the AssetTrak database. An *Agreement for the Receipt and Right of Use of UNHCR Assets* shall also be raised and the implementing partner requested to sign for the asset provided.

8. INSURANCE OF ASSETS

Under the Sub-Project Agreement (Art. 6.10.2), Implementing Partners agree to reimburse the depreciated (or residual) value of an asset should it be lost or damaged. Partners should take this provision into consideration when determining the appropriate insurance arrangements.