
SLA –UN-Habitat Purchasing

27 February 2015

**UN-Habitat Purchasing
Service Level Agreement**

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1. General Overview

This is a Service Level Agreement ("SLA" or the "Agreement") between the United Nations Procurement Division ("UNPD"), Nairobi Procurement Section, and UN-Habitat ("UN-Habitat") for the provision of procurement services to be conducted for requirements originating in Nairobi, Kenya and in Habitat's offices outside of Nairobi. The primary objective of this document is to set out the scope, responsibilities and expectations of the services that UNPD and Nairobi Procurement Section will provide, and how those services are delivered, evaluated and measured to ensure an efficient, transparent and effective delivery of the Client's mandate, the effective and efficient delivery of the substantive agencies mandate, and a successful working relationship between UNPD, Nairobi Procurement Section, and UN-Habitat.

By this SLA, UNPD ("Service Provider") agrees to provide procurement services to UN-Habitat in the following areas:

- the role of UNPD providing guidance and/or supervisory support with respect to procurement undertaken on behalf of Habitat;
- the procurement services from Nairobi procurement Section/or as an alternative Secretariat entity provides;
- the general levels of response and availability associated with these services;
- the responsibilities of the provider of these services and UN-Habitat as the Client receiving such services; and,
- processes for requesting and providing services.

This SLA covers the period from date of signature to December 31, 2016 and will be reviewed and revised after the review of the completion of the Pilot Phase in 2015.

Nairobi Procurement Section Contact Information

Title: To be defined in Annex 1
Phone: To be defined in Annex 1
E-mail: To be defined in Annex 1

UN-Habitat Contact Information

Title: Jane Nyakairu, OIC Office of Management
Phone: +254 20 7624502
E-mail: Jane.Nyakairu@unhabitat.org

UNPD Senior Official Contact Information

UNPD Senior Official in PGI Buyer Supervisor function: To be defined in Annex 1
Phone: To be defined in Annex 1
E-mail: To be defined in Annex 1

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2. Service Description

2.1 Definitions

For purposes of this SLA, the following terms have the meanings specified or referred to in this Section 2.1:

“Agreement” means the present document and any Annexes, if any, attached hereto or referred to herein.

“PG1 Buyer Supervisor” means a senior official within the United Nations Procurement Division appointed by the Assistant Secretary-General of the Office of Central Support Services (“OCSS”)

“Client” means the United Nations Human Settlements Programme (“UN-Habitat”), including the respective Headquarters offices in Nairobi, Kenya, as well as their offices outside of Nairobi.

“Party” means each of the Service Provider, the United Nations Procurement Division (“UNPD”) and the Client.

“Secretariat Entity” shall mean any organizational unit within the Secretariat, or within the UN system, chosen by UNPD to perform Services for the Client, where appropriate, including but not limited to Nairobi procurement section, Peacekeeping and Special Political Missions, Offices away from Headquarters, and the Regional Procurement Office in Entebbe, Uganda; and other UN entities.

“Service Provider” means any Secretariat Entity assigned to perform such services by UNPD as mandated by the Assistant Secretary-General of the Office of Central Support Services (“OCSS”)

“Services” shall have the meaning of the range of procurement services to be provided by the Service Provider, which has been assigned to perform such services by the UNPD, to the Client, as further specified within this Agreement, and within the framework of the Financial Regulations and Rules of the United Nations.

“Service Level Agreement” shall have the meaning as set forth in Section 1.

2.2 Scope of Services

All procurement services will be provided by the Service Provider in order to take care of the Client’s procurement needs. This is to include processing requisitions, conducting all procurement, processing and executing all contracts, contract amendments, with the exception of inter-agency agreements of cooperation and other arrangements the Client may have with other organizations of the United Nations system for project support as defined within the details of the Standard Operating Procedures (“SOP”), as defined below.

This SLA is to be supplemented with a SOP that will guide at an operational level the routing methodology for the shopping carts, the procedures to be applied to certain classes of awards and other items as required that are not central to the application of the SLA.

2.3 Assumptions

- The Service Provider is in a position to exercise and conduct all procurement functions to the satisfaction of the Client within the meaning of Financial Regulation 5.12.
- Services will be provided in adherence to the UN’s Financial Regulations and Rules, relevant policies, procedures and established best practices.

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- Processing of all service related requests will be conducted in accordance with this SLA.
- Any changes to this SLA, including but not limited to, the scope of Services, the Roles and Responsibilities or the Response Times, will be documented by amendment to this SLA in accordance with Section 5 and Section 7 of the Agreement.
- Organizations of the United Nations system (as referred in 2.2 above) exclude other UN agencies with whom the Client has agreements and implement joint activities in the field and are partners and service providers

2.4 Statement of Cooperation between the Parties

The Service Provider agrees to work collaboratively with the Client to support the ongoing enhancement of procurement practices, and to assist in the strategic planning and mandate of the Client's current and future operations and the Client's relationship with its Partners.

2.5 Service Provider responsibilities

- Conducting procurement services as indicated in the work flow process 3.2 for Client' offices in Nairobi and outside Nairobi, where applicable.
- Providing expert assistance and offering guidance on the UN's policies and best practices for UN procurement and providing a focal point stationed in Nairobi. Timely processing of requisitions and procurement activities in accordance with the timelines stated in Section 4.2.
- Providing timely and efficient procurement services including the processing of contract documents and purchase orders in accordance with the timelines stated in Section 4.2.
- Providing training on procurement policies and practices.
- Upon request, in order to facilitate efficient and effective Services, attending the Client's project planning meetings.
- Reducing costs to the Client by covering requirements of the Client that can be met via UNPD global or regional systems contracts as well as Nairobi Procurement Section's or any Secretariat Entity's systems, regional or local contracts; or that of a qualified UN entity.
- Providing access to UNPD's senior management for assistance and/or advice related to the most effective methodology to service requirements.

3. Roles and Responsibilities

3.1 Parties

The following service owner(s) will represent the primary stakeholders associated with this SLA:

Stakeholder	Title / Role	Contact Information
UNPD Senior Official	PG1 Buyer Supervisor located in HQ and Nairobi	Information to be defined in SOP
UNPD Senior Official	Approver for above US\$40,000 Field Office requirements located in	Information to be defined in SOP

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	HQ and Nairobi	
Chief, Corporate Procurement Service	Approver for Requirements below US\$ 200,000	Information to be defined in SOP
Chief Headquarters Procurement and Support Service	Requirements between US\$200,000 - US\$300,000	Information to be provided in SOP
Director Procurement Division	Approver for requirements above US\$ 300,000 and below US\$ 500,000	Dmitri Dovgopoly
HCC	Review body for awards above US\$ 500,000	HCC Chairperson
Nairobi Procurement Section	e.g.: Processing Procurement Unit Chief – Approver	Roles to be defined in SOP
UN-Habitat - Chief, Office of Management.	Senior Client Executive	Jane Nyakairu
UN-Habitat - Director, Management and Operations Division	Senior Client Executive	Andrew Cox
UN-Habitat Executive Director and the Regional Directors	Office of Management Regional Directors (ROAF, ROLAC, ROAP, ROAS and out-posted offices. (see annex) Approval for requirements of “up to” US\$40,000 per project by Regional Directors for procurement actions undertaken by UN-Habitat. For procurement undertaken by another UN Agency or Entity in that location with a well-established procurement function (such as UNDP, UNICEF, WFP), the threshold shall be US\$ 300,000 per project for Regional Directors.	See Annex

• Role description need to be Umoja compatible, and will be reviewed by 31/12/2015 as part of annual review. Roles and thresholds are subject to change before that review after mutual agreement between the parties, in writing.

- All Parties recognize the interdependencies between one another and the need to work together as a seamless team in order to meet or exceed set expectations.
- The Parties understand that the Service Provider cannot be expected to achieve stated performance targets in the event of failure by the Client to undertake their defined responsibilities in a timely fashion in accordance with the provisions of this document and the provisions of the Procurement Manual.

3.2 Work Flow Process:

The work flow process in Umoja is outlined in Annex 1 to this Agreement. This provision sets forth a description of the processes to be followed depending on the scope and origin of the respective procurement requirements:

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- a) All requisitions from UN-Habitat, above US\$40,000 regardless of value and location of the requisitioner, will be routed to PG1 (Buyer Supervisor UNPD) with the exception of procurement performed by another UN Agency or Entity in that location with a well-established procurement function (such as UNDP, UNICEF, WFP), performed in accordance with germane Procurement Rules and Regulations, for which the threshold shall be US\$300,000.
- b) All requisitions under US\$ 40,000 (informal methods of solicitation) originating from the UN-Habitat's Regional and Liaison Offices will automatically be routed to UN-Habitat's local purchasing group PG6. The actual assignment of the requisitions will then be done by the PG6 Buyer Supervisor of each local procurement team, defined in the workflow as PG6, who will assign to a local Buyer in PG6 respectively. These buyers will conduct procurement locally with the option to seek guidance of the Buyer Supervisor or Service Provider, if and when necessary. Requirements/Projects shall not be artificially split into smaller units/requisitions to reduce the dollar value in a way that evades or circumvents the threshold for any procurement authority delegated or sub-delegated. Such splitting or separating of a requirement shall mean and include reducing the scope and amount of goods or services to be procured by breaking into separate requirements or projects that belong together by their nature, purpose, geography, timeline or mandate.
- c) Requirements originating from the Client's Headquarters in Nairobi, irrespective of their value, will be assigned by the PG1 Buyer Supervisor to a Service Provider. It is envisaged that Nairobi procurement will undertake the procurement for the majority of such requirements for Kenya-related procurement. Once a requirement (in form of a shopping cart in Umoja) has been assigned to the Service Provider, the Service Provider shall submit the Source Selection Plan via Umoja (for requirements above US\$ 40,000 only) to the PG1 Buyer Supervisor for approval prior to the commencement of the procurement process. Following the conclusion of the procurement process, the Service Provider designated shall submit a presentation of the procurement case, including recommendation of award, to the PG 1 Buyer Supervisor for review. If the procurement is conducted by Nairobi Procurement Section as a Service Provider and if such procurement falls within the applicable threshold for the Local Committee on Contracts or the Headquarters Committee on Contracts at UNHQ, the respective Committee shall then review the case. Minutes of such meetings shall be approved and associated decisions taken prior to signature of the Contract or Purchase Order in accordance with the Procurement Manual.
- d) Requirements originating from Client's Offices outside of Nairobi above US\$ 40,000 (with the exception noted in 3.2a above) shall be assigned by the PG1 Buyer Supervisor to either the Client's local buyers or to a Service Provider. Once a requirement (in form of a shopping cart in Umoja) has been assigned to the Client or the Service Provider, the Client or the Service Provider shall submit the Source Selection Plan to the PG1 Buyer Supervisor for approval prior to the commencement of the procurement exercise. Following the conclusion of the procurement process, the Client or the Service Provider shall submit a presentation of the procurement case, including recommendation of award, to the PG1 Buyer Supervisor or the relevant UNPD official for review and approval. If the value of the procurement exercise requires review of the Headquarters Committee on Contracts, the PG1 Buyer Supervisor will approve the presentation prior to the Committee's review. Once the minutes of such meeting have been approved and associated decisions taken, the Contract or PO shall be signed by the PG 1 Buyer Supervisor.
- e) All Requirements that can be serviced from an existing UN Secretariat Systems Contract should do so as a matter of course. Any exception to this approach should be discussed between the Parties, and be documented in writing.

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3.3 PG1 Buyer Supervisor Responsibilities

The Buyer Supervisor shall undertake the following responsibilities in connection with this SLA:

- Prior to the issuance of any solicitation, the Buyer Supervisor will review and approve the Source Selection Plans for all procurement activities, in which formal methods of solicitation are utilized, and which are undertaken in connection with this SLA, regardless of whether such procurement action is being conducted by a Service Provider or the Client. Special consideration to Humanitarian emergencies will be given, with an emphasis on speed and flexibility.
- With the exception of requirements subject to informal methods of solicitation, for all procurement activities carried out directly by the Client, the Buyer Supervisor shall assume a supervisory role and provide advice and guidance on procurement methodology.
- The PG1 Buyer Supervisor has a duty to consult UN-Habitat on the most productive and useful path for procurement in the field in line with the Organization's Financial Rules and Regulations and the UN Procurement Manual, and should discuss reasons for deviation with the client.
- The PG1 Buyer Supervisor shall review and approve all case presentations prior to submission of cases for the review of the Local Committee on Contracts or Headquarters Committee on Contracts, as applicable.
- In Umoja, the PG1 Buyer Supervisor shall be responsible for the review and approval of all contracts and purchase orders above US\$ 40,000 created by the Service Provider and/or the Client. Exception made of contracts of emergency nature that will be approved by the designated approving officer, which shall be designated by the UN Financial Rules related to Exigency, and shall be presented to either to the LCC or HCC, as applicable, on an ex post facto basis for awards above US\$40,000 Those requirements under US\$ 40,000 will be directly processed by the local buyer in Client's Offices outside of Nairobi or the designated procurement group.
- UNPD shall prepare, on a quarterly basis, a Procurement Analysis Report, based on data compiled in Umoja and from alternative sources, which details procurement activities undertaken by the Service Provider and the Client with Headquarters in Nairobi, Kenya;

UNPD shall organize a quarterly Procurement Analysis Meeting ("PAM"), to be chaired by the ASG/OCSS, and attended by the Client and Service Provider, in which procurement practices and proposed changes for the improvement of responsiveness, efficiency and/or internal controls and cost reduction shall be discussed. When consensus on changes to procurement practices are reached, such changes shall be formalized via amendment to this SLA. In the event that a consensus is not reached, the ASG/OCSS, shall detail his/her decisions in writing. In the event that the parties to this SLA consider such decisions to be seriously detrimental to the business interest of their respective organizations, they can appeal such decisions to the USG/DM for consideration. If unresolved, the issue may further be escalated to the Chef de Cabinet, EOSG for final decision.

3.4 Service Provider Responsibilities

The Service Provider's responsibilities and/or requirements in support of this Agreement include:

- Provide the Services described in this SLA;

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- Submit Source Selection Plans for the approval of the PG1 Buyer Supervisor prior to commencement of any procurement action worth more than US\$40,000. In addition to providing the information required in accordance with the Source Selection Plan Template attached as Annex D-32 of the Procurement Manual, the Service Provider shall provide the PG1 Buyer Supervisor with the following information:
 - (i) Commercial Evaluation Template;
 - (ii) Technical Evaluation Template; and
 - (iii) Form of Contract.
- Meet appropriate response times and associated deadlines set forth in Section 4.2.
- Comply with all applicable regulations and rules, such as the Financial Regulations and Rules of the United Nations, processes outlined in the UN Procurement Manual and instructions issued by UNPD.
- Ensure appropriate internal controls are in place for procurement operations.
- Evaluate processes on a regular basis to ensure continuous improvement in service effectiveness, efficiency and quality.
- Submit case presentations, including those to the Local Contracts Committee and/or Headquarters Committee on Contracts, as applicable, for the review and approval of the PG1 Buyer Supervisor.
- Complete relevant mandatory training, to be verified by UNPD.

3.5 Client Responsibilities

Client responsibilities and/or requirements in support of this Agreement include:

- Provide accurate and reliable documentation/information for procurement exercises, including complete and concise specifications and statements of work in a timely fashion.
- Obtain technical clearance from the requisitioning office prior to requesting the Service Provider to commence procurement action.
- Take a duty of care in allowing sufficient lead times for requests, with the aim of facilitating proper procurement planning.
- Comply with timelines jointly established in the Source Selection Plan for each respective requirement, taking into consideration recommended timelines stated in the Procurement Manual.
- Respond to inquiries and requests in a timely manner
- Consult with the Service Provider to review existing UN Secretariat Systems Contracts and request procurement of items available at beneficial pricing through existing UN Secretariat Systems Contracts.
- Ensure that requirements/projects are not artificially split into smaller units/requisitions to reduce the dollar value in a way that evades or circumvents the threshold for any procurement authority delegated or sub-delegated.

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- Ensure that the scope and amount of goods or services, which belong together by their nature, purpose, geography, timeline or mandate, are not split to reduce the dollar value in a way that evades or circumvents the threshold for any procurement authority delegated or sub-delegated.
- Submit case presentations, including those to the Headquarters Committee on Contracts or Local Contracts Committee, as applicable, through the Service Provider for the review and approval of the PG1 Buyer Supervisor.
- Complete relevant mandatory training, to be verified by UNPD, including for the Client's local buyers in the Offices outside of Nairobi.
- Take part in the proceedings of the LCC/HCC.

4. Hours of Service, Response Times & Escalation

The intent of this Section is to assure delivery of prompt Services, as agreed, and the acceleration of support for high priority issues plus escalation procedures.

4.1 Hours of Service

The Service Provider follows the published Official Hours of Work for the relevant duty station(s). For exceptional or urgent requirements, designated focal points will be made available in particular for Humanitarian emergencies as per 3.1 above.

4.2 Performance Indicators for Response Time

- 3 business days maximum turnaround time for issuance of purchase orders against existing (systems) contracts;
- For issuance of tenders, the following response times apply upon receipt of a detailed and final Statement of Work by the Client, and finalization of the respective Source Selection Plan:
 - RFP/ITB: 5-10 business days
 - RFQ: 5 business days
- Finalization of a contractual instrument will be within the timelines stipulated in the associated Source Selection Plan, unless unforeseen complex legal issues arise on which a Legal Officer or the Office of Legal Affairs at UNHQ shall be consulted.
- The Service Provider shall ensure that the prices paid for the goods, equipment and services are in line with international market prices. Annual reviews will be held to determine international market prices given local conditions. .

ITEM	RESPONSIBILITY	RESPONSE TIME	NOTES
Assignment of Shopping Cart	UNPD	Half working day	From date and time stamp of SC approval in UMOJA

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RFP	Service Provider	8 weeks ¹ for contract issue	From the date of SSP signing
ITB	Service Provider	8 weeks ² for contract issue	From the date of SSP signing
RFQ	Service Provider	4 weeks	From date final submission of requirement
Purchase orders against existing (systems) contracts	Service Provider	3 business days	

4.2.1 Performance Indicators for Service

The performance indicators for the service are listed below. Management of this SLA will refer to the indicators and benchmarks listed. In addition to the indicators below, further performance indicators will be defined in the SOP.

1	Product price variance	Prices paid for focus goods are in alignment with international prices Percentage price variance between contract unit price and international unit price for focus products	Cost	15% maximum variance
2	Contract utilization	Efficient procurement mechanisms are being used. Percentage by value of purchases made under simple purchase orders, annual contracts, and multi-year contracts	Cost	Focus products are 90% on system contracts
3	Supplier performance	A) Supplier delivers the correct goods Percentage of orders in compliance with contract criteria	Quality	95%
		B) Supplier delivers goods on time Percentage of orders delivered on time	Timeliness	95%
4	Procurement cycle time	No delays in executing procurement. Percentage of procurement actions completed (placed)	Timeliness	95%

¹ Nairobi LCC required – add 1 week; HQ CC required – add 2 weeks

² Nairobi LCC required – add 1 week; HQ CC required – add 2 weeks

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NO.	ITEM	DESCRIPTION	CATEGORY	BENCHMARK
		within standard time guidelines ³		

4.3 Prioritization

The Service Provider shall ensure that the prices paid for goods, equipment and services are in line with international market prices. When the Buyer Supervisor becomes aware that the procurement may lead to a variance of 15% or more from the allocated budget, the service provider should inform the client.

The PG1 Buyer Supervisor will prioritize incoming transaction requests as "high" priority if it meets any one of the following criteria:

- The highest priority status will automatically be given to transactions identified by the PG1 Buyer Supervisor, in consultation with the Client, as exigent under Financial Rule 105.16a (vii).
- High priority status will be given for all end-of-year procurements to ensure that funds may be pre-encumbered or encumbered in the correct fiscal year to be in compliance with all Finance Calendar deadlines provided accurate and timely information is provided
- Budgetary and Accounting Calendar deadlines and the Clients' donor's requirements.
- Significant impact on the Client's delivery of services;
- Cases of urgency for humanitarian response, in consultation with the Client.
- Any other priority submissions as discussed and agreed with on a case by case basis between the primary SLA management staff.

4.4 Escalation

If the Client is not satisfied with the level of Services provided by the Service provider, the Service Provider's management listed in Section 1 of this SLA shall be contacted. If the Client is not satisfied with the level of response provided by the Service Provider's management, the issue shall be escalated to the Director, Procurement Division, UNHQ New York.

Management of performance under this SLA will be conducted with respect to the KPIs listed at 4.2.1 and:

- KPI reporting will be on a monthly basis
- A 7% variance from the stated benchmark will require immediate management intervention

In consultation with the service provider, the Client may refer any complaint to the ASG, OCSS,

5. Reporting and Reviewing of this SLA

This Agreement is valid from the Effective Date outlined herein and is valid until the Date of Termination.

³ With reference to 4.2 "Performance Indicators for Response Time"

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Subject to completion of procurement training by Regional Directors of Client, the ASG/OCSS in consultation with UN/DPD may review professional capacity of Regional Directors. Upon completion of review to the satisfaction of ASG/OCSS, the procurement threshold established under this SLA may be modified during the pilot phase in 2015.

The Agreement shall be reviewed prior to the end of 2015, based on a joint evaluation of the processes outlined in this SLA in the last quarter of 2015. This evaluation will result in a recommendation to the Secretary-General, outlining if a need exists to review the SLA and the procedures established in therein and the pertinent rules and regulations.

The Designated Official ("Document Owner") is responsible for facilitating regular joint reviews of this document. Contents of this document may be amended as required, provided mutual agreement is obtained from the primary stakeholders and communicated to all affected parties. The Document Owner will incorporate all subsequent revisions and obtain mutual agreements / approvals as required.

Designated Review Owner: Assistant-Secretary General, OCSS

Review Period: *Annually* Previous Review Date: Next Review Date: Last quarter 2015

This Agreement will be posted to the following location and will be made accessible to all stakeholders:

Document Location:

6. Verification and Agreement

The Client, UNPD and the Service Provider agree that this Service Level Agreement, together with the associated Annexes, if any, constitute a binding agreement between the Parties for the specified Services.

7. Termination or Amendment

This Agreement may be terminated upon consultation between the Parties and only by mutual agreement. It may be amended if changes should circumstances warrant. Notice of intention to terminate this agreement must be provided in writing by one Party to the other party at least 180 business days in advance, while notice of intention to negotiate amendments shall be a minimum of 10 business days, depending on the urgency of the proposed amendment and operational requirements.

UNON Representative

Signature

Name (printed):

Sahle-Work Zewde

Date

Title (printed):

Director-General
United Nations Office at
Nairobi

UN OCSS Representative

Signature

Name (printed):

Stephen J. Cutts

Date

Title (printed):

Assistant Secretary-General
Office of Central Support
Services

UN-Habitat Representative

Signature

Name (printed):

Joan Clos

Date

Title (printed):

Executive Director
United Nations Human
Settlements Programme