

ADMINISTRATIVE ARRANGEMENT

BETWEEN

THE GOVERNMENT OF CANADA

AND

**THE UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)**

**Courthouse Construction Project – Z-020917
Arrangement # 7056285**

ADMINISTRATIVE ARRANGEMENT MADE ON THIS ___ DAY OF FEBRUARY, 2011

BETWEEN:

The Government of Canada as represented by the Minister for International Cooperation, acting through the Canadian International Development Agency (CIDA");

AND:

The United Nations Development Programme ("UNDP");

WHEREAS CIDA wishes to make a financial contribution (the "Contribution") to UNDP in support of the project entitled "Construction and Equipping of the Ramallah Judicial Palace."(Atlas #: 00077024), as further described in Annexes "A", "B" and "C" attached to the Administrative Arrangement.

WHEREAS UNDP will enter into arrangements with the High Judicial Council, as necessary, to ensure the successful implementation of the Project;

AND WHEREAS the purpose of this Administrative Arrangement ("the Arrangement") is to set out the terms concerning the transfer and administration of the Contribution from CIDA to UNDP; and

Now and thereafter, CIDA and UNDP (the "Signatories") have reached the following understanding:

Paragraph I. The Contribution

1. CIDA will make a Contribution to UNDP for the purpose of the Project up to a maximum amount of twenty-seven million twenty-four thousand two hundred and eighty-one Canadian dollars (CDN \$27,024,281).

2. CIDA will make periodic payments based on the following schedule:

2.1 Upon signature of this Arrangement, UNDP will provide CIDA with a request for advance in the amount of ten million United States Dollars (US \$10,000,000) for the initial twelve (12) month Project period to cover project start-up, the design phase and award of initial construction contracts, as described in Annex "A".

2.2 Thereafter advance payments will be issued following submission of an updated forecast of cash on hand, and a forecast of expenditure requirements in USD and of financial reporting in accordance with Paragraph III below.

2.3 Advance payments will be provided in function of completed construction stages, as described in Annex "A". While dependent on forecasts of expenditure requirements, subsequent advance payments will be based on the following projected schedule:

2.3.1 A second advance payment of twelve million Canadian Dollars (CDN \$12,000,000) by March 31, 2012, for CIDA fiscal year 2011/2012.

2.3.2 A third advance payment of two million Canadian Dollars (CDN \$2,000,000) by March 31, 2013, for CIDA fiscal year 2012/2013.

2.3.3 A fourth advance payment of three million twenty-four thousand two hundred and eighty-one Canadian dollars (CDN \$3,024,281) by 31 March 31, 2014, for CIDA fiscal year 2013/2014.

2.4 The total of all advance payments issued by CIDA will not exceed the total amount identified in section 1 above.

2.5 Within sixty (60) days of submission of the certified final financial statement as referred to in Paragraph III (2g), UNDP will return, via CIDA, to the Receiver General for Canada, any unspent balance (including any interest where applicable) remaining following the satisfaction of all commitments and liabilities under this Arrangement.

3. CIDA will make the payments to UNDP through bank transfers, into the following UNDP bank account:

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| Bank Name: | JP Morgan Chase |
| Bank Address: | 1166 Avenue of the Americas, 17 th Floor New Your, NY, 10036-2708 |
| Bank transit number: | ABA# 021-000021 |
| Bank code: | Swift Code: CHASUS33 |
| For credit to: | United Nations Development Programme |
| Account number: | 015-002284 |

CIDA will inform UNDP when the funds have been transferred via an e-mail message with remittance information to contributions@undp.org.

4. All financial transactions will be recorded by UNDP in separate ledger accounts established for the Project and expressed in United States Dollars. Transactions in currencies other than USD, including funds transferred by CIDA in accordance with Paragraph I, section 2 above, will be recorded at the official UN rate of exchange on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform CIDA with a view to determining whether any further financing could be provided by CIDA. Should such

further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.

Paragraph II. Utilization of the Contribution

1. UNDP will use the Contribution exclusively for the purpose of the Project as set-out in this Administrative Arrangement including Annexes "A", "B" and "C", in accordance with its terms and provisions.
2. The implementation of the responsibilities of UNDP pursuant to this Arrangement including Annexes "A", "B" and "C" will be dependent on receipt by UNDP of the Contribution funds in accordance with the schedule of payments as set out in Annex "A".
3. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP will submit to CIDA on a timely basis a supplementary estimate for additional required financing. CIDA will endeavour to obtain the additional funds required.
4. If the payments referred to in Paragraph I are not received, or if the additional financing required in accordance with section 3 is not forthcoming from CIDA or other sources, the assistance to be provided to the Project under this Arrangement may be reduced, suspended or terminated by UNDP.

Paragraph III. Administration and Reporting

1. All financial accounts and statements will be expressed in United States Dollars.
2. UNDP will provide CIDA all or parts of the following reports prepared in accordance with UNDP reporting and accounting procedures.
 - a) Quarterly Progress Reports detailing activities undertaken and outlining cumulative results achieved during Quarter 1 (January – March) against the schedule and project budget; implementation challenges encountered; risk mitigation measures undertaken; and any other relevant information. Quarterly Progress Reports are due 30 (thirty) days following the end of the reporting period.
 - b) Bi-Annual Progress Reports (January – June) detailing cumulative results related to: design, construction, procurement and sundry activities; programme review and update narrative; challenges and issues (risk log and communication summary); and project finances (including financial narrative, budget and expenditure update, forecast and milestone payment update); and quality, health and safety and environmental issues summary. Biannual Progress Reports are due 30 (thirty) days following the end of the reporting period.
 - c) Quarterly Progress Reports detailing activities undertaken and outlining cumulative results achieved during Quarter 3 (July – September) against the schedule and project budget; implementation challenges encountered; risk mitigation measures

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undertaken; and any other relevant information. Quarterly Progress Reports are due 30 (thirty) days following the end of the reporting period.

d) Annual Progress Reports (January - December) detailing project cumulative results related to: design, construction, procurement and sundry activities; programme review and update narrative; challenges and issues (risk log and communication summary); project finances, including financial narrative, budget and expenditure update, forecast and milestone payment update; and quality, health and safety and environmental issues summary. Annual Progress Reports are due 30 (thirty) days following the end of the reporting period.

e) Quarterly financial statements of commitments and disbursements pertaining to the Project, in accordance with UNDP's reporting and accounting procedures, until the completion of the Project, including disbursements made against the previous payment and any unspent cash balance from the preceding quarterly period.

f) From UNDP's Bureau Management/Office of Finance and Administration, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.

g) From UNDP Bureau of Management/Office of Finance and Administration, on completion of the Project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.

h) A completion report shall be due within three (3) months of the Project's closure.

Paragraph IV. Administrative and Support Services

In accordance with the decisions of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution will be subject to cost recovery for indirect costs or General Management Support (GMS) services equal to 7%. Furthermore, as long as they are unequivocally linked to the specific Project, all direct costs of implementation, including the costs of executing entity or implementing partner, will be borne by the Project and reflected in Annex "B".

Paragraph V. Auditing

1. The Contribution will be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and policies and procedures of UNDP. Should an Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the Contribution, a copy of such report will be made available to CIDA.

2. A Project-specific audit will be carried out in accordance with UNDP's regulations, rules, policies and procedures. The cost of the audit will be borne by the Project.

Paragraph VI. Completion of the Project and Ownership of Equipment

Ownership of equipment, supplies and other properties financed from the Contribution shall vest in UNDP. UNDP will notify CIDA when all activities relating to the Project have been completed.

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UNDP will then co-ordinate a formal handover of the completed building(s), together with all goods and equipment purchased with the Contribution in accordance with its policies and procedures.

Paragraph VII. Termination and/or Suspension of the Arrangement

1. Either CIDA or UNDP may at any time, by giving at least ninety (90) days advance written notice, terminate this Arrangement in whole or in part.
2. Either CIDA or UNDP may at any time suspend this Arrangement in whole or in part by giving written notice. Both Signatories will endeavour to identify ways and means to manage the suspension, thereby mitigating the impact on the Project until such time that the suspension may be lifted.
3. The termination or suspension will be effective upon the date stated in the written notice, or upon the date on which the written notice is deemed to be received, whichever is later. UNDP will have no additional claim against CIDA other than the reimbursement of costs actually incurred and all liabilities and commitments entered into by UNDP until the termination or suspension takes effect, less the sums already paid in this regard.
4. Notwithstanding termination or suspension of all or part of this Arrangement, UNDP will continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of all or the part of the Project, for which this Arrangement has been terminated or suspended, have been satisfied and Project activities brought to an orderly conclusion.

Paragraph VIII. Amendment of the Arrangement

The Arrangement may be amended through an exchange of letters between CIDA and UNDP. The letters exchanged to this effect will become an integral part of the Arrangement.

Paragraph IX. Notice

Any notice to be given to either Signatory with respect to this Arrangement will be effectively given if delivered or sent by letter or fax addressed to the Signatory at the address given in this paragraph. The address of either Signatory may be changed by notice in the manner set out in this paragraph.

Any notice to CIDA will be addressed to:

Director
West Bank, Gaza and Palestinian Refugees
Europe, Middle East and Maghreb Directorate
Canadian International Development Agency
200 Promenade du Portage
Gatineau, Québec
Canada K1A 0G4

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Telephone: (819) 997-1119
Fax: (819) 994-0251

Any notice to UNDP will be addressed to:

Special Representative to the Administrator
United Nations Development Programme
Programme of Assistance to the Palestinian People (PAPP)
4A Ya'kubi Street
P.O. Box 51359
Jerusalem

Telephone: (972-2) 62 68 200
Fax: (972-2) 62 68 222

Paragraph X. Entire Understanding

The Arrangement together with Annexes "A", "B" and "C", which forms an integral part hereof, constitutes the entire understanding between CIDA and UNDP with respect to the Project.

Paragraph XI. Anti-Corruption

UNDP and CIDA agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNDP will maintain standards of conduct that govern the performance of its staff, including the prohibition of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

Paragraph XII. Terrorism Financing

1. Consistent with numerous United Nations Security Council resolutions, including S/RES/1269 (1999), S/RES/1368 (2001), and S/RES/1373 (2001), both Canada and UNDP are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism.
2. UNDP will screen potential parties and entities to ensure it does not knowingly work with any entity appearing on the New Consolidated List established and maintained by the UN Security Council's 1267 Committee.
3. UNDP will use the Administrative Arrangement exclusively for the activities described in Annex "A" of this Administrative Arrangement.
4. UNDP will also disburse the Administrative Arrangement funds only to implementing parties and entities listed in this Administrative Arrangement in Annex "A". UNDP will make its best

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efforts to provide this list of implementing parties and entities to CIDA before this Administrative Arrangement is signed.

5. If the list referred to in section 4 is not available before signature, UNDP will provide it as soon as the information is available. Any change to the list of implementing parties and entities will be submitted to CIDA as soon as the information is available. In such instance, upon CIDA's request, CIDA and UNDP will consult to determine the appropriate course of action, if any.

6. UNDP will include in any subsequent funding arrangements using CIDA's Contribution a similar clause requiring further implementing parties and entities not to use the funding provided hereunder to benefit terrorism.

7. In cases of procurement by UNDP with the Administrative Arrangement's funds, the list of implementing parties and entities will be provided to CIDA as soon as the information is available following the completion of the selection process.

8. In consultation with UNDP, CIDA may request participation as an observer in UNDP's monitoring and evaluation of the Project, in accordance with UNDP's applicable guidelines and procedures.

9. In such an event that an implementing party and entity is not included in the UN Security Council's 1267 list, however during the course of the implementation of the Project is deemed to conduct or provide support for terrorism activities, CIDA and UNDP will consult to determine the appropriate course of action.

Paragraph XIII. Environment

1. This Arrangement will be carried out in accordance with UNDP's Operational Guidelines for Environmental Management and Sustainable Development, when and where applicable.

2. In its reporting, UNDP will report on the application of its environmental guidelines to this Project.

Paragraph XIV. Monitoring and Evaluation

1. Upon reasonable request by CIDA, UNDP will permit, or cause to be permitted, access to the sites of the Project to any authorized CIDA representative to review and assess the progress of the Project, and supply, or cause to be supplied, promptly upon request, such data as CIDA may reasonably require for statistical or Project monitoring purposes.

2. All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and CIDA will jointly agree on the purpose, use, timing and terms of reference for evaluating the Project including an evaluation of its contribution to the Project's expected outputs and outcomes, which are listed in the Evaluation Plan. UNDP will commission the evaluation, and the evaluation exercise will be carried out by external independent evaluators.

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Paragraph XV. General Provisions

1. No member of the Canadian House of Commons will be admitted to any share or part of this Arrangement or to any benefit to arise therefrom.
2. The Contribution being made under the Arrangement is subject to there being an appropriation by Parliament for the fiscal year in which the payment is made. If CIDA's appropriation is not forthcoming, CIDA at its discretion will terminate, suspend or reduce the assistance to the Project.
3. If appropriated funds are not forthcoming from CIDA, UNDP, at its discretion will terminate, suspend or reduce the assistance to the Project.
4. This Arrangement is not an international treaty. It is an Administrative Arrangement between the Government of Canada and UNDP.

Paragraph XVI. Coming Into Effect

The Arrangement will come into effect upon the date of the last signature and will remain in effect until 30 June 2014.

Done in the English language in two copies,

For the GOVERNMENT OF CANADA

Signature CR

Name Chantal Ruel

Title a/ Director, West Bank Gaza

Date 03/03/11

For the UNITED NATIONS
DEVELOPMENT PROGRAMME

Signature FM

Name Frode Mauring

Title Special Representative

Date 24/2/11

