



**THIRD-PARTY COST-SHARING ARRANGEMENT
BETWEEN THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
(THE DONOR) AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**
[DFAT INSTRUMENT No. 76490]

Pursuant to the Strategic Partnership Framework between the Australian Government and the United Nations Development Program 2016 – 2021, the Donor will contribute funds to the UNDP on a cost-sharing basis for the implementation of **Strengthening Institutions and Empowering Localities Against Disasters and Climate Change (SHIELD) Program** in the **Philippines**. The project will be carried out in accordance with and as described in the **Proposal, Initiation Plan and Project Document (to be developed and mutually agreed upon)** (Project no. 00128629/SHIELD), in the **Philippines**, and submitted to the Donor for information.

This bilateral Administrative Arrangement between the Donor and UNDP sets out the arrangements for the Donor's contribution. This Arrangement is not an international treaty.

The UNDP is prepared to receive and administer the Contribution to implement the initiation plan and the project document (to be developed and mutually agreed upon).

The **Government of the Philippines** has been informed of the Contribution of the Donor to the project.

The UNDP will designate an Implementing Partner for the implementation of the initiation plan and the project document (Implementing Partner) to be developed and mutually agreed upon.

I. Scope and Objective

1. This Arrangement sets forth the arrangements for the contribution to the project as described in the project initiation plan and the project document to be developed and mutually agreed upon.
2. The Goal of the project is: to make all people in target communities safer and more resilient to the impacts of climate change and natural hazards.
3. The Objectives of the project are:
 - Government, private sector, and civil society stakeholders in targeted local government units (LGUs) are collaborating to unlock funding and implementing informed and inclusive resilience actions.

- Relevant national government agencies (NGAs) are prioritising action on local climate and disaster resilience.
- Philippines scientific agencies are producing tailored and accessible information for local resilience action.

II. The Contribution

1. (a) The Donor will, in accordance with the schedule of payments set out below, contribute to UNDP the amount of Eighteen Million Australian dollars or AU\$ 18,000,000 (the Contribution), inclusive of the 1% UN Coordination Levy (described in the Annex B to this Arrangement) and the General Management Service (GMS) fee. The Contribution will be deposited in the following bank account:

UNDP Contributions Account (AU\$)
Account #816601
Reserve Bank of Australia
65 Martin Place
Sydney NSW 2000
SWIFT: RSBKAU2S

| <u>Schedule of payments¹</u> | <u>Amount²</u> | |
|---|---------------------------|---|
| Schedule of Payment | Amount (AUD) ³ | Of which 1% UN Coordination Levy ⁴ |
| 1. Upon signing of Cost Sharing Arrangement | 542,771 | 5,374.00 |
| 2. Upon submission of Project Document | 1,862,767 | 18,443.20 |
| 3. Upon Submission of Year 1 Progress Report and Year 2 Work and Financial Plan | 3,000,000 | 29,703.00 |
| 4. Upon Submission of Year 2 Progress Report and Year 3 Work and Financial Plan | 3,500,000 | 34,653.50 |
| 5. Upon Submission of Year 3 Progress Report and Year 4 | 3,500,000 | 34,653.50 |

¹ It is recommended that country offices negotiate the number of installments to ensure at least six months' anticipated disbursements are funded with each installment. This will make processing of contributions and reporting more efficient for the country offices.

² Based on UN currency exchange rate as of 31 December 2020.

³ Inclusive of 1% UN Coordination Levy and 8% General Management Support

⁴ Prorated as per breakdown in the Arrangement

| | | |
|---|-----------|-----------|
| Work and Financial Plan | | |
| 6. Upon Submission of Year 4 Progress Report and Year 5 Work and Financial Plan | 3,500,000 | 34,653.50 |
| 7. Upon Submission of Year 5 Progress Report and Year 6 Work and Financial Plan | 2,094,462 | 20,737.30 |

(b) The Donor will inform UNDP when the Contribution is paid via an e-mail message with remittance information to contributions@undp.org providing the following information: donor's name, UNDP country office, [Project no. 00128629 /SHIELD], donor reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.

2. The value of the payment, if made in a currency other than United States dollars, will be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilisation 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 will inform the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be available, the assistance to be provided to the programme/project may be reduced, suspended or terminated by UNDP after written notification to the Donor by UNDP.

3. The above schedule of payments takes into account the need for payments to be made in advance of the implementation of planned activities. It may be amended in accordance with Paragraph XVI to be consistent with the progress of project delivery.

4. UNDP will receive and administer the payment in accordance with the regulations, rules, policies and procedures of UNDP.

5. All financial accounts and statements will be expressed in United States dollars.

III. Utilisation of the Contribution

1. The implementation of this Arrangement, the project initiation plan (see Annex A), and the project document to be developed and mutually agreed upon will be dependent on receipt by UNDP of the Contribution in accordance with the schedule of payment as set out in Paragraph II.1 above.

2. If unforeseen increases in expenditures or commitments are expected or realised (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP will submit to the Donor on a timely basis a supplementary

estimate showing the further financing that will be necessary. The Donor will use its best endeavours to obtain the additional funds needed.

3. If the payments referred to in Paragraph II.1 above are not received in accordance with the payment schedule, or if the additional financing needed in accordance with Paragraph 2 above is not forthcoming from the Donor or other sources, the assistance to be provided to the project under this Arrangement may be reduced, suspended or terminated by UNDP after written notification to the Donor by UNDP.

4. Any interest income attributable to the Contribution will be credited to UNDP Account and will be utilised in accordance with established UNDP procedures.

IV. Administration and Reporting

1. Project management and expenditures will be governed by the regulations, rules, policies and procedures of UNDP and, where applicable, the regulations, rules, policies and procedures of the Implementing Partner, provided that they do not contravene the regulations, rules, policies and procedures of UNDP. In case of contradiction, regulations, rules, policies and procedures of UNDP will prevail.

2. Project management will be in accordance with UNDP policies and practices in relation to anti-corruption and prevention, detection and investigation of fraud and recovery of funds the subject of fraud.

3. UNDP headquarters and country office will provide to the Donor all or parts of the following reports prepared in accordance with UNDP accounting and reporting procedures.

3.1 For Arrangements of one year or less:

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of this Arrangement, a final report summarising project activities (including progress in achieving activities' goal and objectives) and impact of activities as well as provisional financial data;
- (b) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December to be submitted no later than 30 June of the following year;
- (c) 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.

3.2. For Arrangements of more than one year:

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of

project progress for the duration of this Arrangement, as well as the latest available approved budget.

- (b) From UNDP Bureau of 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.
- (c) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of this Arrangement, a final report summarising project activities (including progress in achieving activities' goal and objectives) and impact of activities as well as provisional financial data.
- (d) 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.

4. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of the Donor. The specific nature and frequency of this reporting will be specified in an annex of this Arrangement.

V. Administrative and Support Services

1. In accordance with the decisions and directives 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 incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services*. The cost recovery rate will be applied in accordance with UNDP policy on cost recovery for non-core contributions, applicable at the time of the project implementation. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of the Implementing Partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.

2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, will not exceed the total resources available to the project under this Arrangement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

VI. Evaluation

All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of the **Philippines** in consultation with other stakeholders will jointly determine the purpose, use, timing, financing mechanisms and terms of reference for evaluating a project including an evaluation of its Contribution to an outcome which is listed in the Evaluation Plan. UNDP will

commission the evaluation, and the evaluation exercise will be carried out by external independent evaluators.

VII. Equipment

Ownership of equipment, supplies and other properties financed from the Contribution will vest in UNDP. Matters relating to the transfer of ownership by UNDP will be determined in accordance with the relevant policies and procedures of UNDP.

VIII. Auditing

The Contribution will be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should the annual Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information will be made available to the Donor.

IX. Completion of the Arrangement

1. UNDP will notify the Donor when all activities relating to the project initiation plan and the project document to be developed and mutually agreed upon have been completed. The expected completion date for the project is 30 September 2027.
2. If jointly decided by the Donor and UNDP, this clause allows for an option to extend the term of this Arrangement for a period of up to two years. This option may be exercised through an exchange of letters between the Donor and UNDP prior to the Activity End Date. If the option is exercised, UNDP will continue to undertake the Activity for the extended term on the commitments contained in the Arrangement, except that this Clause shall no longer apply.
3. Upon completion of the initiation plan and the project document (to be developed and mutually agreed upon), any unutilised payments and portions of the Contribution will be returned to the Donor except for such funds irrevocably committed in good faith before the date of completion and such funds that the Donor determines, in consultation with UNDP, are required to reasonably complete the project activities (to be developed and mutually agreed upon) under the Arrangement.

X. Termination of the Arrangement

1. After consultations have taken place between the Donor, UNDP, and the Philippine Government, this Arrangement may be terminated by UNDP or by the Donor. This Arrangement will cease to be in effect 30 (thirty) days after either of the Partners have given notice in writing to the other Partner of its decision to terminate this Arrangement.
2. Upon termination of this Arrangement, any unutilised payments and portions of the Contribution will be returned to the Donor, except for such funds irrevocably

committed in good faith before the date of termination, and such funds that the Donor determines in consultation with UNDP are required to reasonably complete or terminate the programme/project activities (to be developed and mutually agreed upon) under this Arrangement.

XI. Amendment of the Arrangement

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

XII. Resolution of Disputes

Any dispute between UNDP and the Donor over its interpretation or application (or both) of this Arrangement will be resolved amicably between the Partners.

XIII. Commencement

This Arrangement will come into effect upon signature by the Partners

Signed in the English language in two copies.



For the Donor:
Richard Sisson
Deputy Head of Mission
25 January 2021



For the United Nations Development Programme:
Selvakumaran Ramachandran
Resident Representative
27 January 2021

