

STANDARD LETTER OF AGREEMENT BETWEEN  
THE UNITED NATIONS DEVELOPMENT PROGRAMME IN UGANDA  
AND  
ENTERPRISE UGANDA

ON THE IMPLEMENTATION OF THE PEACE BUILDING FUND LIVELIHOODS AND LOCAL ECONOMIC  
RECOVERY PROJECT (PROJECT ID 00077934)

WHEREAS, the United Nations Development Programme in Uganda (hereafter "UNDP Uganda") together with other Participating United Nations Agencies including, International Organization for Migration (IOM), World Food Programme (WFP), Food and Agriculture Organization (FAO), and United Nations Capital Development Fund (UNCDF) have collaborated to intervene in the area of Livelihoods and Local Economic Recovery as part their support to the recovery process for Northern Uganda specifically the Acholi sub region through the Peace Building UN Joint Programme (Project Document attached).

Whereas the interventions of the Peace Building Project aim at contributing rebuilding of the agricultural economy in the post-conflict, post-displacement period Northern Uganda, the project will address the principal challenges related to agricultural productivity, market access, employment and income for youths in a predominantly agricultural economy, including support to allow vulnerable ex-combatants and female-headed IDP and returnee households to participate;

WHEREAS Enterprise Uganda has offered to implement the UNDP component of the Programme, Livelihood and Local Economic Recovery Project, **Project 00077934** (Results and Resources Framework, Work plan attached);

WHEREAS, UNDP Uganda as a participating UN Agency in the Peace Building Fund UN Joint Programme has availed financial resources and to implement its component in the Livelihoods and Local Economic Recovery Project and Enterprise Uganda has offered to implement the UNDP component;

WHEREAS, UNDP Uganda and Enterprise Uganda (hereafter "the parties") have collaborated in the finalization of the Work plan for the UNDP component;

The Parties therefore agree as follows:

**1. Implementation arrangements**

1.1. Role of UNDP Uganda:

- UNDP shall provide the services and facilities as described below (the description of services and facilities by UNDP are attached in annex to this letter):
  - Conducting a rapid capacity assessment of Enterprise Uganda for implementation of the project;
  - UNDP will conduct a Harmonized Approach to Cash Transfers (HACT) Assessment of the Financial Management Capacity of Enterprise Uganda;



- Recruitment of a short term project formulation and implementation consultant;
  - Support Enterprise Uganda in the preparation of Terms of References for the cross border trade assessment and the development of the trade promotion strategy;
  - Procurement of services on behalf of Enterprise Uganda for conducting the cross border trade assessment and development of a trade promotion strategy;
  - Recruitment of a project officer and M&E officer for the project in collaboration with Enterprise Uganda. The recruitment of the project staff will follow UNDP rules and regulations;
  - Procurement of services of a firm to audit the project;
- UNDP will monitor the project's progress towards intended outputs;
  - UNDP will report on the progress to the Resident Coordinator's Office through the agreed reporting mechanisms of the Peace Building Fund Joint Programme.

#### 1.2. Role of Enterprise Uganda:

- Enterprise Uganda shall retain overall responsibility for the project as the implementing partner and shall designate a Project Director who will be the authority in Enterprise Uganda to approve and sign all the documents pertaining to the project, these will include, the work plans, the requests for advances, financial reports, and combined delivery reports (CDRs);
- Enterprise Uganda shall prepare progress reports on a quarterly basis (format attached). The quarterly reports shall include the activities carried by the responsible parties on behalf of Enterprise Uganda;
- Enterprise Uganda shall prepare quarterly work plans. The quarterly work plans shall include the activities to be carried by the responsible parties on behalf of Enterprise Uganda;
- Enterprise Uganda shall engage the following Responsible Parties to act on their behalf on the basis of a written agreement or contract to provide services using the project budget:
  - Association of Micro Finance Institutions of Uganda (AMFIU) will provide services for implementing specific activities, 2.1.4 and 2.1.5 of output 2: Selected Microfinance Institutions' capacity strengthened and products developed addressing specific needs for youth and women;
  - Acholi Private Sector Development Company (Acholi PSDC) will provide services for implementing specific activities, 3.1.4, 3.1.6 and 3.1.7 of output 3: Cross-border trade assessment report for Acholi sub region;
  - Uganda National Chamber of Commerce and Industry (UNCCI) will provide services and inputs for implementing specific activities, 4.1.2, 4.1.5, and 4.1.7 of output 4: Trade promotion strategy for sub-region in place (incorporates both cross-border and internal trade).
- Enterprise Uganda shall participate in all the procurement of goods and services as well as in the recruitment of the project personnel for the project.

## 2. Financial Arrangements

National Execution (NEX) advances will be the selected modality for financial implementation based on the assessment indicated above. Based on the results of the assessment, Requests for direct payment will be the alternative financial modality. Based on the Assessment Results, advances of cash transferred to Enterprise Uganda in its role of implementing Partner for the obligations and expenditures to be made in support of activities agreed in the Work Plan attached to this letter of agreement.

### 2.1. UNDP

- UNDP Uganda will provide the required financial resources for the support of the implementation of the activities agreed in the attached work plan and budget;
- The total funds available for the project are US \$990,000 (Nine Hundred and Ninety Thousand only). Based on the results of the Harmonized Approach to Cash Transfer (HACT) Assessment of Enterprise Uganda, US \$703,000 (Seven hundred and three thousand only) will be transferred through quarterly advances to Enterprise Uganda by UNDP. The remaining US \$287,000 will be paid by UNDP directly to vendors for provision of services in accordance to the project services and facilities by UNDP on behalf of Enterprise Uganda (Description of inputs attached);
- The funds will be disbursed as advances to Enterprise Uganda on a quarterly basis upon submission of a quarterly work plan and recurrent financial accountabilities by Enterprise Uganda to UNDP Uganda;
- UNDP Uganda shall not be responsible for expenses incurred by Enterprise Uganda beyond the agreed budget or the scope of the activities of the Work Plan;
- UNDP Uganda will closely monitor the implementation in order to verify the correct use of the advanced funds for achieving of immediate results and expected outputs. UNDP Uganda will also monitor the amounts to be advanced to the project, according to the planned activities in any period.

### 2.2. Enterprise Uganda

- Enterprise Uganda will administer the resources provided by UNDP Uganda, being responsible for all direct payments generated by the implementation of the activities indicated in the Work Plan and budget;
- Enterprise Uganda shall open a separate bank account for the project;
- Enterprise Uganda shall levy administration costs not exceeding 7% of the total project budget;
- The professional fees levied by Enterprise Uganda shall be incorporated in the programmatic activities budgets;
- Requests for advances should be prepared in line with the project work plan, and must be signed by the implementing partner or the designated project personnel (Project Director).
- The funds advanced to the project are under the total responsibility of Enterprise Uganda as the implementing partner and must only be used for the activities and inputs stated in the work plan, and following UNDP's policies and procedures.
- At the end of the implementation Enterprise Uganda will provide to UNDP Uganda with a detailed progress and financial report of the expenditures performed. The expenditures shall include those of the responsible parties implementing specific outputs on Enterprise Uganda's behalf;



- Enterprise Uganda shall not make any financial commitments or incur any expenses which would exceed budgeted amounts. Enterprise Uganda shall promptly advise UNDP any time when Enterprise Uganda is aware that the estimated budget is insufficient to fully implement the project activities. UNDP shall have no obligation to provide Enterprise Uganda with any funds or to make any reimbursement for expenses incurred by Enterprise Uganda in excess of the budgeted amounts. Enterprise Uganda must keep a good system of accounting recording and appropriate filing of financial documentation on the project (in order to maintain records of all payments made with advances and original expenditure backup documentation);
- Enterprise Uganda's Project Director shall sign the Financial Report or the Funding Authorization and Certificate of Expenditures (FACE).
- Enterprise Uganda's Project Director shall approve and sign the Combined Delivery Report (CDR) at the end of the year. The CDRs shall have all the expenditures of the project including the direct payments at UNDP, the expenditures by Enterprise Uganda and the expenditures by the Responsible Party on behalf of Enterprise Uganda;
- Enterprise Uganda will reimburse to UNDP unspent amounts if any.

3. Enterprise Uganda shall be fully responsible for carrying out, with due diligence and efficiency, of all services in accordance with its Financial Regulations and Rules.

4. In carrying out the activities under this Letter, the personnel and sub-contractors of Enterprise Uganda shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of Enterprise Uganda or its personnel, or of its contractors or their personnel, in performing the Services or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by Enterprise Uganda, and its personnel as a result of their work pertaining to the project.

5. The personnel assigned by Enterprise Uganda to the activity and under contract with Enterprise Uganda shall work and shall remain accountable to Enterprise Uganda for the manner in which assigned functions are discharged under Enterprise Uganda regulations and rules.

6. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the respective provisions of the Financial Regulations and Rules of UNDP.

7. The arrangements described in this Letter will remain in effect until the orderly completion of the Project, or until terminated in writing (with 15 days notice) by either party. Enterprise Uganda shall not be made to refund amounts which were properly and irrevocably committed in accordance with provisions of the financial Regulations and Rules of UNDP.

8. Any amendment to this Letter shall be effected by mutual agreement, in writing;

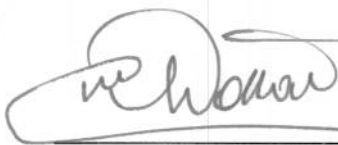
9. Except as provided in paragraph 6 above, any dispute between the implementing partner and the United Nations agency arising out of or relating to this letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two




arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the Parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

10. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to [LEBOGANG MOTLANA and PLOT 11 YUSUF LULE ROAD of Country Director, UNDP].

11. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall there by constitute the basis for your [ENTERPRISE UGANDA] participation in the implementation of the project.

  
Signed on behalf of UNDP  
Lebogang Motlana  
Country Director

  
**U N**  
**D P**  
Uganda

09/06/2011  
Date:

  
Signed on behalf of Enterprise Uganda  
Charles Ocici, Executive Director

**ENTERPRISE UGANDA**  
KAMPALA - UGANDA

 09 JUN 2011 

**PLOT 38, LUMUMBA AVENUE, NAKASERO**  
TEL: 256-414-251810, 0312-261900/ 1

8/06/2011  
Date:

**ANNEXES**

1. Peace Building Fund/FUN Joint Programme Document on Livelihoods and Local Economic Recovery;
2. Results and Resources Framework (RRF) for the UNDP Component;
3. Work Plan for UNDP Component;
4. Description of Services and Facilities for the work to be performed by UNDP on behalf of Enterprise Uganda;
5. Sample Progress Report Format;
6. Funding Authorization and Certificate of Expenditures (FACE) Form;