

**STANDARD LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME IN UGANDA
AND
ENTERPRISE UGANDA (EUG)**

**ON THE IMPLEMENTATION OF THE PROJECT: "SUPPORT TO DEVELOPMENT OF INCLUSIVE MARKETS IN
AGRICULTURE AND TRADE"**

PROJECT NO.: 00079650; FROM AUGUST 2011 TO DECEMBER 2014

WHEREAS, the United Nations Development Programme in Uganda (hereafter "UNDP Uganda") and Enterprise Uganda (EUG) have collaborated to intervene in the area of Growth and Poverty Reduction as part of their support to the National Development Plan (NDP) anchoring the United Nations Development Assistance Framework (UNDAF) and the United Nations Country Programme Action Plan 2011 to 2014 through the project, "Support to development of inclusive markets in agriculture and trade", PROJECT ID: 00079650

WHEREAS, the interventions of the project "Support to development of inclusive markets in agriculture and trade" aim at i) Establishing and operationalising business linkages; ii) Strengthening capacity of small holder producer groups and business support associations; iii) Developing and operationalising innovative projects for business concepts; iv) Increasing MSMEs' access to assets for productive uses (finance, market information and technology).

WHEREAS, EUG has offered to implement the Project ID: 00079650 (Results and Resources Framework and Work plan included in the attached project Document).

AND

Whereas UNDP Uganda as a Senior Supplier will avail financial resources and EUG has offered to implement the project in collaboration with Kilimo Trust and the Private Sector Development Companies as Responsible Parties¹.

Whereas UNDP Uganda and EUG (hereafter "the parties") have collaborated in the finalization of the Work plan for the project;

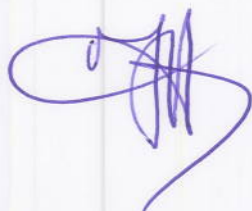
The Parties therefore agree as follows:

1. Implementation arrangements

1.1. Role of UNDP Uganda:

- UNDP shall provide the services and facilities as described below :
 - Conduct a Harmonized Approach to Cash Transfers (HACT) Assessment of the Financial and Administrative Management Capacity of EUG;
 - Recruit Project Personnel: The recruitment of the project staff will follow UNDP rules and regulations and undertaken at the request of the IP;
 - Procure physical equipment and services at the request of the IP;

¹ A Responsible Party is defined as an entity that has been selected to act on behalf of the Implementing Partner on the basis of a written agreement or contract to purchase goods or provide services using the project budget. In addition, the Responsible Party may manage the use of these goods and services to carry out project activities and produce outputs. All Responsible Parties are directly accountable to the Implementing Partner in accordance with the terms of their agreement or contract with the Implementing Partner.



- Procure services of a firm to audit the project;
 - Procure services of a consultant or consultancy firm to review at midterm and Final Evaluations the project
 - Facilitate capacity building activities at the request of the IP
- UNDP in collaboration with EUg, Kilimo Trust and Private Sector Development Companies will monitor the project's progress towards intended outputs. UNDP will specifically support EUg in the implementation of project activities in monitoring and evaluation (M&E) processes;
 - UNDP will report on the progress of the project in accordance with UNDP ATLAS reporting guidelines.
 - UNDP shall recover the costs incurred while providing the support services described in Section 1.1 above by charging the administration costs attached to the project and specified in the project document.

1.2. Role of EUg:

- EUg shall retain overall responsibility for the project as the implementing partner and shall designate a Project Manager² who will be the authority in EUg to approve and sign all the documents pertaining to the project, these will include, the work plans, the requests for advances, Requests for Direct Payments, financial reports, and Combined Delivery Reports (CDRs);
- EUg shall prepare progress reports on a quarterly basis. The format shall be shared in the orientation workshop. The quarterly report shall be a consolidation of all the activities carried out by the responsible parties during that reporting period. EUg shall be responsible for consolidating the report.
- EUg shall prepare financial reports on a quarterly basis using the Funding Authorization and Certificate of Expenditure (FACE) form and a final financial report at the end of the implementation period;
- EUg shall prepare quarterly work plans which shall include all the activities to be carried out by the responsible parties on behalf of EUg;
- EUg will take direct lead in establishing and operationalising business linkages; and strengthening the capacity of small holder producer groups and business support associations/organisations. EUg shall engage the following Responsible Parties to act on their behalf on the basis of a written agreement or contract or Memorandum of Understanding (MOU) to provide services using the project budget:
 - Kilimo Trust to develop and operationalise innovative pro-poor business concepts,
 - Kilimo Trust in collaboration with the Private Sector Development Companies to increase MSME's access to assets for productive uses.
- EUg and its collaborating partners shall participate in all the procurement of goods and services as well as in the recruitment of the project personnel for the project.
- EUg shall ensure that all publications, vehicles and equipment (procured through this project) promotion material, advertisements, brochures and related material shall acknowledge and bear the logo of the United Nations Development Programme and the Government of Uganda.
- EUg shall remove UNDP Logos and decals attached to equipment vehicles upon termination and the hand-over of the equipment and vehicles.

² The Project Manager shall be held accountable for the day to day management and operations of the project. S/he is responsible for ensuring that the project produces the outputs and results specified in the project document- to the required standard of quality and within the specified constraints of time and cost.

2. Financial Arrangements

National Execution (NEX) Advances on quarterly basis will be the preferred modality for financial implementation based on the HACT assessment. Based on the results of the assessment, Requests for direct payment will be the alternative financial modality. Quarterly advances will be transferred to EUg in its capacity as the Implementing Partner for the obligations and expenditures to be made in support of activities agreed in the Work Plan.

2.1. UNDP

- UNDP Uganda will provide the required financial resources for support to the implementation of the activities agreed in the attached work plan and budget;
- Based on the project document (copy attached), UNDP will provide funding to EUg based on an agreed annual work plan over the project period. Funding shall be released based on service delivery level, absorptive capacity and accountability evidence from previous funds received from UNDP within the project life cycle.
- UNDP Uganda will provide financial allocation details to EUg based on the agreed work plan. The total funds available for the project are USD 2,600,000 (Two million, six hundred thousand US Dollars) over the stipulated period of the project;
- Based on the Project Document (copy attached), UNDP will provide funding to EUg based on the agreed annual work plan over the project period. Funding shall be released based on service delivery level, absorptive capacity and accountability evidence from previous funds received from UNDP within the project life cycle.
- Based on the results of the Harmonized Approach to Cash Transfer (HACT) Assessment of EUg planned and agreed funds will be transferred through quarterly advances to EUg or Request for Direct payment by UNDP using the FACE form.
- The funds will be disbursed as advances to EUg on a quarterly basis upon submission of a quarterly work plan and recurrent financial accountabilities by EUg to UNDP Uganda;
- UNDP Uganda shall not be responsible for expenses incurred by EUg 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.
- UNDP shall recover costs incurred while providing the support services described in section 1.1 above by charging the administration costs attached to the project and specified in the project document

2.2. EUg

- EUg 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;
- EUg shall open a separate bank account for the project;
- EUg and the responsible parties shall levy administration costs not less than 3% but not exceeding 7% of the total project budget. Approval of administrative costs shall be subject to receipt of satisfactory justification including breakdown of expected costs.



- The professional fees levied by EUG and the responsible parties 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 Manager).
- The funds advanced to the project are under the total responsibility of EUG 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 period, EUG will provide to UNDP Uganda a detailed progress and financial report of the expenditures incurred and activities undertaken for the entire life span of the project. The expenditures shall include those of the responsible parties implementing specific outputs on EUG's behalf;
- EUG shall not make any financial commitments or incur any expenses which would exceed budgeted amounts. EUG shall promptly advise UNDP any time when EUG is aware that the estimated budget is insufficient to fully implement the project activities. UNDP shall have no obligation to provide EUG with any funds or to make any reimbursement for expenses incurred by EUG in excess of the budgeted amounts. EUG must keep a good system of accounting recording and appropriate filing of financial documentation on the project in line with UNDP guidelines (maintain records of all payments made with advances and original expenditure backup documentation);
- The Project Manager shall sign the Financial Report or the Funding Authorization and Certificate of Expenditures (FACE) form for purposes of requesting for funds and reporting on expenditures; the FACE form shall be submitted to UNDP not later than the 15th day after the end of the quarter or the year.
- The Project Manager 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 EUG and the expenditures by the Responsible Parties on behalf of EUG and;
- EUG will reimburse to UNDP unspent amounts if any, at the end of each year for reprogramming and at the end of the project period.


3. EUG 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 EUG 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 EUG 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 EUG, and its personnel as a result of their work pertaining to the project.

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

6. For any matters not specifically covered by this Letter, the Parties shall ensure that those matters will be resolved in accordance with the respective provisions of regulations, procedures and rules.

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. EUG 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 UNDP 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 [Mr. *Lebogang MOTLANA*, Country Director, UNDP, PLOT 11 YUSUF LUYI ROAD, Nakasero, Uganda].

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 [EUG] participation in the implementation of the project.



Signed on behalf of UNDP
Lebogang Motlana
Country Director

23/09/2011
Date:



Signed on behalf of:
Implementing Partner
(EUG)

21/09/11
Date:

ANNEXES

1. Project Document;
2. Annual work plan 2011
3. Procurement plan template
4. Description of Services and Facilities for the work to be performed by UNDP on behalf of EUG;
5. Quarterly work plan template
6. Sample Progress Report Format;
7. Funding Authorization and Certificate of Expenditures (FACE) Form.