

**STANDARD LETTER OF AGREEMENT BETWEEN  
THE UNITED NATIONS DEVELOPMENT PROGRAMME IN UGANDA  
AND  
MINISTRY OF WATER AND ENVIRONMENT**

**ON THE IMPLEMENTATION OF THE PROJECT IMPROVING POLICIES AND STRATEGIES FOR  
SUSTAINABLE ENVIRONMENT, NATURAL RESOURCES AND CLIMATE RISK MANAGEMENT” PROJECT  
NO: 00079652 FROM AUGUST 2011 TO DECEMBER 2014**

WHEREAS, the United Nations Development Programme in Uganda (hereafter “UNDP Uganda”) and Ministry of Water and Environment (MWE) have collaborated to intervene in the area of Energy and Environment as part of their support to the National Development Plan (UNDAF) and anchoring on the United Nations Development Assistance Framework (UNDAF) through the project, “**Improving policies and strategies for sustainable environment, natural resources and climate risk management**”, Project No: 00079652.

Whereas the interventions of the project “**Improving policies and strategies for sustainable environment, natural resources and climate risk management**” aim at: (i) Reviewing and updating the National Environment Management Policy; (ii) Reviewing or developing strategies for ENR (reviewing EIA regulations and guidelines; developing a biomass energy strategy and an electronic waste management strategy) and; (iii) Strengthening institutional coordination for Climate Risk Management (CRM).

WHEREAS MWE has offered to implement the, **Project** (Results and Resources Framework and Work plan) attached;

WHEREAS, UNDP Uganda as a Senior Supplier will avail financial resources and MWE has offered to implement the project in collaboration with the National Environment Management Authority (NEMA), Climate Change Unit, (CCU) and the Department responsible for Disaster Preparedness and Management in Office of the Prime Minister, Ministry of Energy and Mineral Development (MEMD), Advocates Coalition for Development and Environment (ACODE) and the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) as the Responsible Parties<sup>1</sup>;

WHEREAS, UNDP Uganda, MWE, NEMA, CCU, DDMP-OPM, MEMD, ACODE and MAAIF (hereafter “the parties”) will collaborate 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 (the description of services and facilities by UNDP are attached in annex to this letter):
  - UNDP will conduct a Harmonized Approach to Cash Transfers (HACT) Assessment of the Financial and Administrative Management Capacity of MWE;
  - Recruitment of the project personnel will follow UNDP rules and regulations on the basis of request from the implementing partner.

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<sup>1</sup> 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.

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- Procurement of physical equipment will follow UNDP rules and regulations on the basis of request from the implementing partner;
  - Procurement of services of a firm to audit the project;
  - Procurement of services of a firm to evaluate the project
- UNDP in collaboration with MWE, NEMA, CCU, DDMP, MEMD, ACODE and MAAIF will monitor the project's progress towards intended outputs. UNDP will specifically support MWE 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 reporting guidelines.
  - UNDP shall recover the costs incurred for 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 MWE:

- MWE shall retain overall responsibility for the project as the implementing partner and shall designate a Project Manager<sup>2</sup> who will be the authority in MWE 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);
- MWE 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 MWE;
- MWE 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;
- MWE shall prepare quarterly work plans. The quarterly work plans shall include the activities to be carried by the responsible parties on behalf of MWE; MWE will directly implement the following activities:-
- Review and updating the National Environment Management Policy (NEMP);
- Provide services to strengthen strategies for climate risk management through the Climate Change Unit in collaboration with the Department responsible for Disaster Preparedness and Management;
- MWE shall engage NEMA and MEMD as responsible parties to act on MWE's behalf on the basis of a written agreement or contract to provide services using the project budget:
  - NEMA will provide services to implement key activities namely (i) to review EIA regulations and guidelines and (ii) develop electronic waste management strategies under Output 2 as detailed in the project document,
  - MEMD will be supported to prepare a national biomass energy strategy
- MWE 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.

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<sup>2</sup> 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) Direct Cash Transfers using quarterly Advances will be the preferred modality for financial implementation based on the HACT assessment and Requests for Direct Payment (RDP) will be the alternative financial modality. Quarterly advances will be transferred to MWE in its capacity as the 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 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 MWE 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.
- The funds will be disbursed as advances to MWE on a quarterly basis upon submission of a quarterly work plan and recurrent financial accountabilities by MWE to UNDP Uganda;
- UNDP Uganda shall not be responsible for expenses incurred by MWE 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 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.

### 2.2. MWE

- MWE 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;
- MWE shall open a separate bank account for the project;
- MWE and the responsible parties shall apply an administration cost between 4% of the total project budget. Approval of administrative costs shall be subject to receipt of satisfactory justification, including actual break down of incurred costs.
- 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 MWE 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, MWE 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 MWE's behalf;

- MWE shall not make any financial commitments or incur any expenses which would exceed budgeted amounts. MWE shall promptly advise UNDP any time when MWE is aware that the estimated budget is insufficient to fully implement the project activities. UNDP shall have no obligation to provide MWE with any funds or to make any reimbursement for expenses incurred by MWE in excess of the budgeted amounts. MWE 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);
- 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 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 MWE and the expenditures by the Responsible Parties on behalf of MWE and;
- MWE 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. MWE shall be fully responsible for carrying out, with due diligence and efficiency, of all services in accordance with the financial laws applicable in Uganda.

4. In carrying out the activities under this Letter, the personnel and sub-contractors of MWE 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 MWE 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 MWE, and its personnel as a result of their work pertaining to the project.

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

7. All publications generated by this project including publicity and promotional material shall bear the Logo of UNDP and acknowledge the support provided by UNDP to the project.

8. 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. MWE 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.

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

10. 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



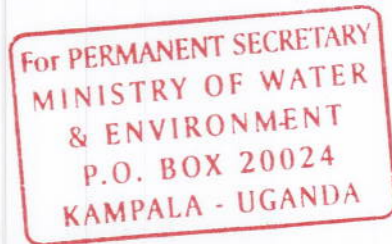
settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, 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 LULE 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 [MWE] participation in the implementation of the project.

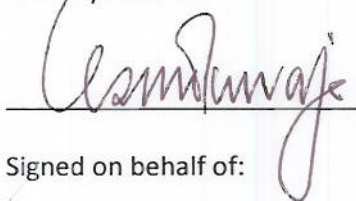


Signed on behalf of UNDP  
Lebogang Motlana  
Country Director



01 / 11 / 2011

Date:



Signed on behalf of:

Implementing Partner  
(MWE)

Date: 17<sup>TH</sup> NOVEMBER 2011

**ANNEXES**

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