

**STANDARD LETTER OF AGREEMENT  
BETWEEN  
THE UNITED NATIONS DEVELOPMENT PROGRAMME  
AND  
UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF)<sup>1</sup>  
ON THE IMPLEMENTATION OF *PROJET D'APPUI A LA  
DECENTRALISATION ET AU DEVELOPPEMENT LOCAL (PADDL)*  
WHEN UNDP SERVES AS EXECUTING ENTITY**

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Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in the Democratic Republic of Congo and officials of *United Nations Capital Development Fund (UNCDF)* (hereinafter referred to as the "UNCDF") with respect to the provision of services by UNCDF in the implementation of the UNDP's contribution, on co-funding by DFID, to the Support to Decentralization and Local Development (PADDL) Joint Programme, as specified in Attachment 1: Joint Programme Document, to which UNDP, as a participating UN organisation, has been selected as one of the executing entities.
2. In accordance with the Joint Programme Document and with the following terms and conditions, we confirm our acceptance of the services to be provided by *UNCDF* towards UNDP's contribution, on co-funding by DFID, to the Joint Programme, as specified in Attachment 2: Description of Services executed for which UNCDF is responsible (hereinafter referred to as "Services") and Attachment 3. Close consultations will be held between *UNCDF* and UNDP on all aspects of the Services.
3. *UNCDF* shall use its best efforts to ensure that personnel recruited for the project are of the highest standards of efficiency, competence, and integrity.
4. UNCDF shall be fully responsible for the provision, with due diligence and efficiency, of all services assigned to UNCDF and for ensuring that all relevant *UNCDF regulations and rules* are complied with and that the principles of competitive bidding are observed.
5. In carrying out the activities under this Letter, the personnel and sub-contractors of UNCDF 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 UNCDF or its personnel, or of its contractors or their personnel, in performing the

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<sup>1</sup> Letter of Agreement between United Nations Development Programme and a Government Ministry/Institution or a United Nations Specialized Agency under Direct Execution (English, French and Spanish) is available at <http://content.undp.org/go/userguide/results/project/initiating.en#Templates%20and%20Forms>

Services under the programme or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by UNCDF and its personnel as a result of their work pertaining to the programme/project.

6. As executing entity, UNDP shall retain overall responsibility for its contribution to the Joint Programme and shall designate a programme coordinator.
7. The personnel assigned by *UNCDF* to the Joint Programme, and under contract with *UNCDF* shall work under the guidance of the project coordinator. The arrangements between UNDP and the personnel assigned by *UNCDF* to the Joint Programme shall be determined in consultation between UNDP and *UNCDF* and described in the relevant terms of reference of the personnel. These personnel shall remain accountable to *UNCDF* for the manner in which assigned functions are discharged under *UNCDF regulations and rules*.
8. In the event of disagreement between the Joint Programme Coordinator and the project personnel of *UNCDF*, the Joint Programme Coordinator shall refer the matter under dispute to *UNCDF* for the purpose of finding a satisfactory solution. In the interim, the decisions of the Joint Programme Coordinator shall prevail.
9. Any subcontractors, including NGOs assigned by *UNCDF* to the project, and under contract with *UNCDF*, shall work under the supervision of the official designated by *UNCDF*. These subcontractors shall remain accountable to *UNCDF* for the manner in which assigned functions are discharged.
10. Upon signature of this Letter and pursuant to the budget and the work plan of the Joint Programme Document, UNDP will make payments to *UNCDF*, according to the schedule of payments to be determined in detail based on Attachment 3: Schedule of Services, Facilities and Payments.
11. *UNCDF* shall not make any financial commitments or incur any expenses which would exceed the budget for implementing the part of the Joint Programme for which UNDP acts as Executing Entity as set forth in the Project Document. *UNCDF* shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when *UNCDF* is aware that the budget to carry out these Services is insufficient to fully implement the programme/project in the manner set out in the Joint Programme Document. UNDP shall have no obligation to provide *UNCDF* with any funds or to make any reimbursement for expenses incurred by *UNCDF* in excess of the total budget as set forth in the part of the Joint Programme Document for which UNDP acts as Executing Entity..
12. *UNCDF* shall maintain separate accounts, records and supporting documentation relating to the Joint Programme, including funds received and disbursed by *UNCDF*.
13. *UNCDF* shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December) for the services covered by this Letter. The report

will be submitted to UNDP through the UNDP Country Director or UNDP Resident Representative within 30 days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by *UNCDF* in the financial report for 56865 PADDL.

14. *UNCDF* shall submit such progress reports relating to the services covered by this Letter as may reasonably be required by the Joint Programme Coordinator in the exercise of his or her duties.

15. *UNCDF* shall submit annually to UNDP audited or certified statement of accounts showing the status of the funds provided to it by UNDP for the services covered by this Letter.

16. *UNCDF* shall provide UNDP with an annual report of non-expendable equipment purchased by *UNCDF* for the programme/project, for the services covered by Letter. The report shall be submitted within 30 days following 31 December, and shall be included by UNDP in the main inventory for the project.

17. *UNCDF* shall furnish a final report within 12 months after the completion or termination of UNDP's contribution to the Joint Programme, including all relevant audited or certified financial statements and records related to services covered by this Letter.

18. Title to any equipment and supplies that may be furnished by UNDP or procured through UNDP funds shall rest with UNDP until such time as ownership thereof is transferred. Except for equipment whose title has been transferred, all other equipment shall be returned to UNDP at the conclusion of the programme. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to *UNCDF*, subject to normal wear and tear. *UNCDF* shall be liable to compensate UNDP for equipment determined to be damaged or degraded beyond normal wear and tear, including loss of equipment.

19. Any changes to the Joint Programme Document which would affect the work being performed by *UNCDF* in accordance with Attachment 2 shall be recommended only after consultation between the parties.

20. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Joint Programme Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the *UNCDF* and UNDP.

21. The arrangements described in this Letter will remain in effect until the end of UNDP's contribution to the Joint Programme, or the completion of activities of *UNCDF* according to Attachment 3, or until terminated in writing (with 30 days notice) by either party. The schedule of payments based on Attachment 3 will remain in effect based on

continued performance by *UNCDF* unless it receives written indication to the contrary from UNDP.

22. Any balance of funds that is undispersed and uncommitted after the conclusion of UNDP's contribution to the Joint Programme shall be returned to UNDP.

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

24. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to Mr. Adama Guindo, Country Director, UNDP Kinshasa, Democratic Republic of Congo.

25. *UNCDF* shall keep the UNDP Country Director/Resident Representative fully informed of all actions undertaken by them in carrying out this Letter.

26. The parties shall use their best efforts to promptly settle through direct negotiations any dispute, controversy, or claim arising out of or relating to the Letter, or any breach thereof. Any such dispute, controversy or claim which is not settled within sixty (60) days from the date either party has notified the other party of the dispute, controversy or claim and of measures which should be taken to rectify it, shall be referred to the Secretary-General of the United Nations (in case of the UN) or Executive Heads of the respective funds/programmes for resolution.


27. 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 thereby constitute the basis for *UNCDF*'s participation in the implementation of UNDP's contribution to the Joint Programme.

Yours sincerely,

Signed on behalf of *UNCDF*  
on 27 April 2009

  
David Morrison,  
Executive Secretary

Signed on behalf of UNDP  
on 23 April 2009

  
R6 Adama Guindo,  
Country Director

20/04/2009

Attachment 1

## PROJECT DOCUMENT

Attachment 2

## DESCRIPTION OF SERVICES

Project number: 56865

Project title: Joint Programme to Support  
Decentralization and Local Development  
(PADDL in French acronym)

Results to be achieved by UNCDF

Provide a summary of the results to be achieved by UNCDF, particularly the outputs they are expected to produce.

PADDL intervenes at the national, provincial and local (decentralized territorial entities) levels in three provinces (Equateur, Nord Kivu and a third one to be determined).

UNCDF will be responsible of the following outputs:

1. Technical oversight and guidance throughout the conception, implementation and monitoring of the PADDL provided.
2. Local Development Funds (LDFs) at provincial and local level (decentralized territorial entities in provinces covered) are created, financed and operational,
3. Technical quality of all tools developed by the programme's experts and consultants is assured, and methods and approaches to ensure the use and mainstreaming of these tools by national actors are developed and implemented,

UNCDF is a strategic partner with UNDP throughout the project implementation and participates in joint policy dialogue and advice initiatives as well as support to government concerning coordination of development partners' efforts in the area of decentralization and local development. This strategic and operational relationship is further elaborated in the Side Letter.

Beyond its role as a participating organisation to the Joint Programme, UNCDF will be expected to deliver the following outputs as part of this Letter:

20/04/2009

## II. Provincial and Local level:

Expected result (#1): Local development at provincial and sector levels is supported with investments in social services and infrastructures implemented through the Local Development Fund and related activities for capacity building throughout the Public Expenditure Management cycle at local level.

Work to be performed by UNCDF

Explain the activities to be carried out by UNCDF.

The detailed activities where UNCDF bears a responsibility are specified in the Results & Resources Framework of the Joint Programme Document and the annual work plan 2009, concerning the expected outputs mentioned above. In addition, UNCDF will provide overall technical oversight and guidance throughout the project implementation. Subsequent work plans will specify the activities to be carried out from 2010-2012.

1. Local Development Funds (LDFs) at provincial and local level (decentralized territorial entities) are created, financed and operational in three provinces
  - 1.1 Establish and manage LDFs rendering them operational (envisaged funds are transferred to provincial and local accounts and disbursed through the implementation of locally determined capital investments based on a participatory development plan)
  - 1.2 Develop and implement capacity building activities to train provincial/local authorities and deconcentrated services in the co-management and use of LDF's to implement infrastructure projects included in the provincial/local development plans
  
2. Technical quality assurance of all tools developed by the programme's experts and consultants
  - 2.1 Production of local development planning and management manuals, local public servants manuals, coordination guidelines, and procurement and tendering manuals are produced, based on international best practices, tailored to the DRC context and validated by national counterparts.
  - 2.2 Best practices and experiences from the ground collected in the DRC are used to inform and improve the different planning and public management tools developed;
  - 2.3 Training manuals and approaches to conduct capacity building of central, provincial and local actors are elaborated and used to mainstream the tools developed at the central level.

Description of inputs:

Provide a detailed description of the programme/project inputs by activity. This may include personnel, contracts, training, equipment, miscellaneous, and micro-capital grants.

The detailed description of project personnel, equipment and experts is provided in the PADDL Joint Programme Document. While the personnel will be recruited under UNDP contract, consultants required for the production of the outputs for which UNCDF is responsible will be hired under UNCDF contract.

The Project Coordinator will have an overall oversight function over the performance of the entire project staff, including the three provincial coordinators responsible for implementing activities assigned to UNCDF in this agreement. The provincial coordinators will report according to a matrix approach both to UNDP and UNCDF as specified in his/her terms of reference.

Annexes:

Attach, as appropriate, job descriptions for consultants, terms of reference for contracts, technical specifications for equipment items, training nomination forms, etc.

**Attachment 3**

**Note: The Services to be delivered by UNCDF within this Letter of Agreement are specified in the Results & Resources Framework of the Joint Programme, as the Results and related budget lines for which UNCDF is indicated as the Implementing Partner, and DFID as the Funding Source.**





Attachment 4

**MODEL UNDP EXPENDITURE REPORT**

Period \_\_\_\_\_

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES <i>List all activities to be undertaken during the year towards stated outputs</i>	Planned Budget		Payments and Expenditures		
		Budget Description	Amount	Payments received	Expenditures	Balance
		<b>Total</b>				

Produits	Numéro	Produits escomptés de la composante	Numéro	Cibles et indicateurs de produits	Impl Partner	Funding	Budget total
<b>1. Cadre juridique et financier de la décentralisation approfondi et approprié par les acteurs de la décentralisation</b>	<b>1.1</b>	Etudes complémentaires de clarification pour le partage des compétences et des ressources entre l'Etat central et les provinces	<b>1.1.1</b>	Ensemble de propositions précisant les compétences et les ressources de l'Etat central des provinces et des ETD	PNUD	PNUD	50,000 \$
			<b>1.1.2</b>	Options retenues en matière de répartition des compétences et ressources selon les étapes de mise en œuvre de la décentralisation	FENU	FENU	50,000 \$
	<b>1.2</b>	Etude d'évaluation du coût de mise en œuvre de la décentralisation	<b>1.2.1</b>	Evaluation du patrimoine de l'Etat dans les provinces	PNUD	PNUD	100,000 \$
			<b>1.2.2</b>	Evaluation des besoins d'infrastructures et d'équipements des provinces et des ETD	FENU	FENU	100,000 \$
			<b>1.2.3</b>	Evaluation des besoins de formation			
			<b>1.2.4</b>	Schémas de financement de la décentralisation			
			<b>1.2.5</b>	Proposition de programmation des étapes de mise en œuvre de la décentralisation			
	<b>1.3</b>	Suivi des recommandations du Forum national sur la décentralisation	<b>1.3.1</b>	Appui au parlement pour la consolidation de la vision partagée de la décentralisation	PNUD	PNUD	100,000 \$
			<b>1.3.2</b>	Etude d'approfondissement des options de transfert des 40 %	FENU	FENU	100,000 \$
			<b>1.3.3</b>	Etude d'approfondissement des options de transfert des ressources entre Provinces et ETD			
	<b>1.4</b>	Document de cadre stratégique de mise en œuvre de la décentralisation	<b>1.4.1</b>	Cadre stratégique de mise en œuvre de la décentralisation élaboré et adopté par le gouvernement	PNUD	PNUD	30,000 \$
			<b>1.4.2</b>	Plan d'actions du cadre stratégique de mise en œuvre de la décentralisation	FENU	FENU	20,000 \$
	<b>1.5</b>	Loi organique sur la décentralisation	<b>1.5.1</b>	Loi organique sur la décentralisation et loi de programmation élaborées et adoptées par le gouvernement	PNUD	PNUD	25,000 \$
			<b>1.5.2</b>	Loi organique sur la décentralisation et loi de programmation adoptées par le Parlement	FENU	FENU	20,000 \$
	<b>1.6</b>	Statuts de la Caisse Nationale de Péréquation	<b>1.6.1</b>	Etude organisationnelle et financière de mise en place de la Caisse nationale de péréquation	FENU	FENU	160,000 \$
<b>1.6.2</b>			Statuts de la Caisse nationale de péréquation adoptés par le Parlement				
<b>1.7</b>	Manuel d'opérations de la Caisse Nationale de Péréquation	<b>1.7.1</b>	Manuel d'opérations de la Caisse nationale de péréquation élaboré et mis en œuvre	FENU	FENU	50,000 \$	