

UNDP-Jordan  
United Nations Building,  
Obadah Ibn Al-Samet Street,  
Amman, Jordan

Attention: Luc Stevens

26 July 2007

→ 26 July 2009 A

Dear Mr. Stevens,

Re: Letter of Agreement No. GM2-054  
GM-GEF/SGP Partnership for Community-Based Sustainable Land Management in Jordan

1. This Agreement sets forth the terms and conditions on which the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (the "Global Mechanism") shall make available a grant of Fifty-thousand United States dollars (USD 50,000) (the "Grant") to UNDP Jordan (the "Recipient") in support of the project described in Annex 1 (the "Project").

Purpose and Scope of the Grant

2. The Grant shall assist in the financing of the Project, which shall be implemented in accordance with the objectives, activities and expected results set forth in Annex 1. Except as the Global Mechanism shall otherwise agree, the Project activities shall be completed to the satisfaction of the Global Mechanism within and not later than 24 months from the date of this Agreement (the "Project Completion Date").

← project started by GEF for projects (March 2007)  
- for 1 yr → March 2010

3. The Grant shall cover expenditures incurred by the Recipient as from the date of this Agreement until the Project Completion Date, in accordance with the Grant Allocation Schedule set forth in Annex 2.

4. All of the obligations of the parties under this Agreement shall be performed by the Grant Closing Date, which shall be [six ] months after the Project Completion Date or such date as the Global Mechanism may designate by notice to the Recipient. [26 Jan 2010]

5. The Recipient shall ensure that, in addition to the Grant, it has sufficient additional funding to enable it to fully implement the Project. The Global Mechanism shall not be held responsible for any additional costs incurred by the Recipient in the performance of this Agreement.

Financial Terms, Audit and Reporting

6. The Grant shall be disbursed in two instalments

(a) The first instalment, in the amount of USD 40 000, shall be disbursed upon submission to the Global Mechanism of the following documentation:

(i) one copy of this Agreement, countersigned by a duly authorized representative of the Recipient;

- (ii) an Annual Work Plan and Budget acceptable to the Global Mechanism, specifying: (i) the planned Project activities; (ii) the financing of such activities, consistent with the Grant Allocation Schedule set forth in Annex 2; and (iii) the procurement procedures to be applied for goods and services to be financed by the Grant;
- (iii) a withdrawal application, in the format set forth in Annex 3, and such documents or other evidence in support of the withdrawal application as the Global Mechanism may reasonably request; and
- (iv) a certificate, in the format set forth in Annex 4, evidencing the authority of the person or persons authorized to sign such application and the authenticated specimen signature of each such person.

(b) The second instalment, in the amount of USD 10 000, shall be disbursed upon submission to the Global Mechanism of the following documentation:

- (i) a withdrawal application, in the format set forth in Annex 3, and such documents or other evidence in support of the withdrawal application as the Global Mechanism may reasonably request;
- (ii) an Annual Work Plan and Budget for the second 12 months of the Project Implementation Period, acceptable to the Global Mechanism and adding specifications described in 6. (a) (ii) above;
- (iii) a progress report describing the progress achieved on the Project activities during the first 12 months of Project implementation and the use of funds thereon; and
- (iv) a statement of expenditure, in the format set forth in Annex 5, with respect to the use of the first instalment.

6. As soon as possible after the Programme Completion Date, but in no event later than the Grant Closing Date, the Recipient shall provide the Global Mechanism of the following documentation:

- a. a completion report, of such scope and in such detail as the Global Mechanism shall reasonably request, on the execution of the Project, its costs, the activities undertaken, the level of accomplishment of Project objectives, the results achieved from the Project and the benefits derived and to be derived from it; and
- b. a statement of expenditure, in the format set forth in Annex 5, with respect to the use of the totality of the Grant..

7. Notwithstanding the foregoing, an amount not exceeding the equivalent of five percent (5%) of the Grant USD 2 500 shall be retained by the Global Mechanism from the second instalment. The amount withheld shall be disbursed after the Project Completion Date, upon the Global Mechanism's receipt of a satisfactory final Statement of Expenditure, Completion Report and financial reporting as specified in paragraph 11.

8. Upon receipt of each instalment of the Grant, the Recipient shall promptly so inform the Global Mechanism in writing.

9. Any reallocation between the cost categories set forth in the Grant Allocation Schedule in Annex 2 shall require the prior written approval by the Global Mechanism.

10. The Recipient shall maintain separate records and financial accounts in respect of the Grant and shall use the funds exclusively for the expenditures incurred for the Project in accordance with this Agreement and the Work Plan and Budget for the Project.

11. The Recipient shall provide the GM with annual un-audited financial statements certified by the UNDP Comptroller with respect to the use of the Grant. UNDP shall issue to the GM on a bi-annual basis, within one month of its publication, the UNDP audited financial statement, prepared in accordance with UNDP's Financial Regulations, Rules and Procedures. Furthermore, should the bi-annual Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the Grant, such information shall be made available to the GM.

12. If the Global Mechanism determines at any time that the funds disbursed pursuant to this Agreement have not been exclusively used in accordance with the requirements of this Agreement or have not been adequately accounted for in, *inter alia*, any statement of expenditure, financial account or audit report, the Recipient shall, within 30 days of receipt of notice to such effect from the Global Mechanism, refund to the Global Mechanism such amounts in US dollars.

#### Procurement

13. All goods and services financed under this Agreement shall be procured by the Recipient in accordance with procurement procedures acceptable to the Global Mechanism. Such procurement procedures shall be set forth in detail in the Annual Work Plan and Budget for the Project.

#### Liability

14. The Global Mechanism assumes no liability with respect to any loss, damage or injury to any person or property arising from the carrying out of the Project by the Recipient.

15. The personnel undertaking and responsible for effecting activities related to this Agreement, whether employed by the Recipient or not, shall not be entitled to any privileges, immunities, compensation or reimbursement, nor shall they be allowed to incur any commitments or expenses on behalf of the Global Mechanism.

#### Publication and Copyright

16. Any written, audio-visual or information technology material connected with or resulting from the Project shall mention the Global Mechanism and its contribution to the Project. Prior to the production of such material, the Recipient shall consult with the Global Mechanism regarding the form and substance of such acknowledgement and the contents of such material. The Global Mechanism shall have the right to use, publish or distribute any such material free of charge.

#### Confidentiality

17. As the Project is being performed on behalf of the Global Mechanism, the Recipient shall not communicate to any person or entity any unpublished information of a confidential nature without the prior approval of the Global Mechanism.

#### Execution and Termination of this Agreement

18. It is understood that the Recipient has the authority to enter into this Agreement and that it shall comply with all applicable laws and regulations in the country or countries in which the Project shall be implemented.

Dispute Settlement

19. The parties shall endeavour to settle by direct negotiation through amicable means any controversy between them in respect of the Grant Agreement. Failing the settlement of a controversy through amicable means, the controversy shall be submitted to arbitration for settlement. To this end: (a) Any dispute, controversy or claim arising out of or in connection with this Agreement or any breach thereof, shall, unless it is settled by direct negotiation through amicable means, be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. Unless otherwise agreed, the number of arbitrators shall be three, the place of arbitration shall be Rome, Italy, the language to be used in the arbitral proceedings shall be the English language, and the arbitral tribunal shall decide in accordance with the terms of this Agreement. The parties hereto agree to be bound by any arbitration award rendered in accordance with this provision as the final adjudication of any dispute; and (b) the resulting award shall be final and binding on the parties and shall be in lieu of any other remedy. Any dispute arising from this Agreement shall be governed by general principles of law, to the exclusion of any single national law.

20. This Agreement shall enter into force and effect upon its countersignature by a duly authorised representative of the Recipient as of the date of this Agreement,<sup>1</sup> and shall remain in full force and effect until the complete and indefeasible performance by each party of its obligations hereunder, unless earlier terminated by the Global Mechanism by written notice to the Recipient either due to:

- (a) non-observance by the Recipient of any of its obligations under this Agreement; or
- (b) circumstances having developed or arisen which in the opinion of the Global Mechanism will or may make it improbable that the Project can be successfully carried out.

21. Prior to the Closing Date, or within 30 days of receipt of any notice of early termination under paragraph 20 above, the Recipient shall return to the Global Mechanism all amounts disbursed under this Agreement that have not been used or irrevocably committed by the Recipient as of such date.

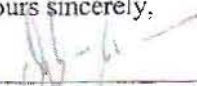
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Comité

Please confirm your agreement with these terms and conditions by returning one countersigned copy of this Agreement to the Global Mechanism.

Yours sincerely,

  
Christian Mersmann  
Managing Director

CONFIRMATION:

Jordan UNDP Field Office

  
Luc Stevens  
Resident Representative

<sup>1</sup> Refers to date on first page of this Letter of Agreement

## DESCRIPTION OF THE PROJECT

### 1. Background

The CETP was established in 2000 to support the dissemination of relevant traditional knowledge about community-based sustainable natural resource management and production in dryland areas. In particular the CETP provides a framework for systematic exchanges between local communities aimed at facilitating the transfer of indigenous knowledge and training between communities and across projects financed by different donors. While aiming at increasing the resilience and ability of rural population living in affected areas to cope with drought and land degradation, the CETP also has a pre-investment function. Once vulnerable groups such as indigenous people, women, youth disabled are identified, the CETP projects mobilize resources and prepare the ground for future projects.

The GEF SGP is implemented by UNDP and executed by UNOPS. GEF SGP is a decentralized and country-driven mechanism to support national NGOs and CBOs to achieve global environmental benefits through local initiatives. GEF SGP has been operating since 1992 and is recognized as a cost-effective mechanism for delivering financial and technical resources to local communities, and has an established, well-tested modality of working with local communities through CBOs and NGOs. The organizational infrastructure consists of a decentralized decision making body, a funds disbursement mechanism, a monitoring and evaluation framework, a working modality based on building partnerships. A National Steering Committee (NSC), with mixed composition (UNDP, government, academia, civil society, and donors) but with NGO and CBO majority, is the decision-making body for the selection of grants. A National Coordinator in each country is responsible for the day-to-day operations of GEF SGP including monitoring and evaluation of projects.

The Global Mechanism and the GEF Small Grants Programme (SGP) established a partnership on the GM Community Exchange and Training Programme (CETP) and other future NGO and CBO programmes, to provide opportunity for civil society stakeholders to engage in an exchange of lessons learned from knowledge generated at the community level. The partnership places a particular emphasis on facilitating the identification of needs, constraints and opportunities to create an enabling environment for communities living in degraded areas to increase investment in sustainable land management. GM and SGP agreed to start a number of projects in five pilot countries, identified among those where GM envisages a long term engagement. Details on goals and activities in each country are illustrated below.

### 2. Goal and Objectives

The goal of GM-SGP partnership is to generate knowledge on sustainable land management practices at community level to inform policies and decision making processes at various levels so as to stimulate political commitment to support sustainable land management.

The specific objectives are:

- a) Facilitate the analytic and economic work of GM towards its strategic programmes, in particularly those on market access and trade and compensation for ecosystem services, through knowledge generated at the local level by communities;
- b) Identify innovative strategies, procedures and opportunities to create incentives for increasing community investment in sustainable land management through market access and trade and through compensation for ecosystem services;
- c) Inform local, national, and international policy on the incentives and enabling conditions that could contribute to enhance sustainable land management with stronger participation of local communities.

### 3. Activities

The main activities to be carried out in each country are described below. In order to enhance coordination and coherence of the country projects with GM resource mobilization strategy for that country, more specific country level activities will have to be discussed and agreed upon by the regional desks of the GM and GEF SGP country offices, in particular with National Coordinator and SGP Steering Committee. The Work Plan and Budget will be developed on the basis of these activities.

1. Adopt SGP methodology and procedures for the operational management of community based programmes and projects (including selecting, implementing and monitoring small grants projects) to implement the Community Exchange and Training Programme (CETP) of the Global Mechanism in the strategic areas of market access and trade and compensation for ecosystem services;
2. Identify best practices and incentive mechanisms to increase community investment in sustainable land management through the implementation and monitoring of small pilot projects managed by local communities and aimed at generating economic opportunities through market development and compensation for ecosystem services;
3. Build the capacity of local communities and NGOs to develop economic activities while using and managing natural resources in a sustainable way so as to improve their livelihood and contribute to enhance sustainable land management;
4. Identify coordination mechanisms between GM and SGP through increased interaction of SGP National Coordinator and Steering Committee with CCD stakeholders in the framework of GM resource mobilization strategy at national level and in view of the complementary roles of GM and SGP (SGP, small project implementation; GM, resource mobilization);
5. Disseminate knowledge on best practices and lessons learned to inform policy making policies at national, regional and international level;
6. Build synergies to facilitate replication and up-scaling of successful projects and policy dialogue at national level.

### 4. Outputs

- A completion report prepared by the GEF SGP country office in each one of the five pilot countries, including the following information:
  - A brief description of the small pilot projects in the country financed through GM-SGP grants;
  - Main findings including i) main project achievements, ii) impact of the project activities on the livelihood of the local communities, iii) problems and opportunities to facilitate community engagement in sustainable land management;
  - Description of the main constraints and opportunities at policy level (i.e. trade policy, fiscal policy, investment policy) that hindered or facilitated the implementation of the project activities with regard to the development of markets for products and services from degraded areas, including ecosystem goods and services;
  - Contribution of the project to the country strategy for the implementation of the UNCCD and opportunities to upscale or replicate the project by linking it up with other existing projects by other donors and/or partners of GM and SGP at national or regional level;

- Mechanisms identified through the projects which helped to increase the investment of local communities in sustainable land management (i.e. enhanced benefit sharing through integration of poor producers in the value chain and Micro-Small Enterprise development);
- Capacity of local stakeholders enhanced (communities, NGOs, producers associations), to develop sustainable trade activities and markets for commodities as well as mechanism of compensation for the provision of ecosystem goods and services;
- GM and SGP activities at country level harmonised and successfully integrated in GM resource mobilization strategy for CCD implementation in each country;
- Knowledge products elaborated, including lessons learnt and best practices, to stimulate policy dialogue on creating the enabling environment for local communities to increase investment in sustainable land management through the development of markets for products and services from degraded areas and of mechanisms for compensation of ecosystem goods and services.

## 5. Implementation

GM-SGP partnership will be implemented at national level by the GEF Small Grants Programme (SGP) in coordination with the regional and relevant strategic desks of the Global Mechanism so as to ensure that the activities at country level are fully integrated in the resource mobilization strategy of the GM at national level. The process for the selection, implementation and monitoring of the small grant projects in each country will follow GEF SGP Operational Guidelines and established practices. In particular, GM and SGP agreed on "Strategic Guidelines for GM-SGP Partnership on Land Degradation Focal Area" which illustrate the projects eligibility criteria and identify market access and trade and compensation for ecosystem services as the main strategic areas for the project selection.

GM-SGP partnership will be implemented using a cost sharing approach. For this first set of pilot projects, GM will provide a grant of USD 50,000 to each country which will be matched by an equal SGP contribution in each country. Every country will thus have a total USD 100,000 to be used for the implementation of GM-SGP partnership over a two-year period. This amount is estimated to cover 2 to 5 small projects per country.

In particular, GEF SGP country office will be responsible for:

- Providing 1:1 co-financing as stipulated in the GM SGP MOU, to match joint project financing provided by GM (GEF SGP co-financing can only entail activities that are aligned with GEF mandates in the focal area of Land Degradation);
- Coordinate with GM Programme Manager responsible for the specific country with regard to the GM resource mobilization strategy at national level;
- Operational management of the small projects (including selection, implementation and monitoring);
- Project reporting to the Global Mechanism.

GRANT ALLOCATION SCHEDULE

Disbursement of the Grant shall not be made unless an Annual Work Plan and Budget has been submitted to and approved by the Global Mechanism for the Project. Except as the Global Mechanism shall otherwise agree, funds withdrawn from the Grant Account shall be used exclusively in accordance with the Work Plan and Budget, which shall be based on the following allocation of the proceeds of the Grant:

| Category <sup>2</sup>               | Amount per Category (USD) |
|-------------------------------------|---------------------------|
| I. Project implementation           | 40,000                    |
| II. UNDP Management fees            | 3,500                     |
| III. SGP Operational costs          | 1,500                     |
| IV. Workshop                        | 3,000                     |
| V. Communication/Training materials | 2,000                     |
| <b>TOTAL</b>                        | <b>50,000</b>             |

<sup>2</sup> Categories of expenditure should mirror the accounting structure of the Recipient so that financial reporting and audited financial statements directly reflect these.



WITHDRAWAL APPLICATION FORM

Global Mechanism of the UNCCD  
c/o International Fund for Agricultural Development  
Via del Serafico, 107  
00142 Rome, Italy

Attention: Loans and Grants Unit of the Controller's Office

Reference: Agreement No. GM2-054  
GM-GEF/SGP Partnership for Community-Based Sustainable Land Management in  
[Jordan]

1. Withdrawal Application for Instalment No. 1
2. Please pay (currency) USD (amount) 40,000
3. This instalment is related to the Annual Work Plan and Budget for the period from July 2007 to August 2009.
4. We hereby apply for the withdrawal of the Grant, and hereby certify and agree that the services covered by this application are required and shall be used exclusively for the purposes of the Project described in the Agreement dated 27 July 2007.
5. Please make payment to:

July 2009

BANK NAME AND ADDRESS: Bank of America, 1401 Elm St., Dallas TX, 75202

ACCOUNT NUMBER: 3752184158

ACH Routing Number: 111000012 [to be used only by US-based banks using ACH payment type]

Wire Routing Number: 026009593

SWIFT Address: BOFAUS3N

PAYEE NAME AND ADDRESS: UNDP Representative in JORDAN USD Account

CORRESPONDENT BANK: NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

Recipient: \_\_\_\_\_

Authorized Representative:

Signature: 

Name: Mr. Luc Stevens

Title: UNDP Resident Representative

Date: 28 August 2007

Global Mechanism of the UNCCD  
c/o International Fund for Agricultural Development  
Via del Serafico, 107  
00142 Rome, Italy

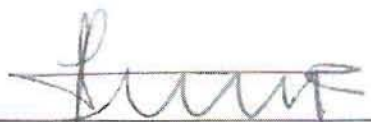
Attention: Loans and Grants Unit of the Controller's Office

Dear Sir/Madam,

Ref: Agreement No. GM2-054  
GM-GEF/SGP Partnership for Community-Based Sustainable Land Management in  
[Jordan]

With reference to paragraph 6(a)(iv) of the Agreement in respect of the Project and Grant in reference, the following person(s) whose specimen signature(s) appear below are authorised to sign applications for withdrawal from the Grant account:

1. Mr. Luc Stevens, UNDP Resident Representative  
Name and Title


  
\_\_\_\_\_  
Specimen Signature

2. Ms. Mona Hider, UNDP Deputy Resident Representative  
Name and Title

  
\_\_\_\_\_  
Specimen Signature

All previous notices providing signatures of officials authorised to sign applications for withdrawal in respect of this grant are hereby revoked.

Yours sincerely,

  
\_\_\_\_\_  
Authorised Representative

Name: Mr. Luc Stevens

Title: UNDP Resident Representative

Date: 28 August 2007

Name of Recipient: UNDP - Jordan  
 Agreement No. GM2-054  
 Name of Project: GM-GFF/SGP Partnership for Community-Based Sustainable Land Management in [Jordan]

STATEMENT OF EXPENDITURE

Reporting Period from \_\_\_\_\_ to \_\_\_\_\_  
 in \_\_\_\_\_ (Currency)

| Category of Expenditures | Actual Cumulative Expenditures of Advance related to the Reporting Period (per Category) | Planned Expenditures of Advance related to the Reporting Period (per Category) | Total Amount of Advance Withdrawn for Reporting Period (per Category) |
|--------------------------|--|--|---|
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We hereby certify that the above amounts have been paid for the proper execution of the Project in accordance with the terms and conditions of the Agreement in respect of the Project in reference. All documentation authenticating these expenditures has been retained by the Recipient and will be made available for examination in the course of the annual external audit of the Recipient's Financial Statements and the periodic review by visiting missions of the Global Mechanism.

Certified by: \_\_\_\_\_

Name and Title: \_\_\_\_\_