

## MOU Addendum<sup>1</sup> for European Union Contributions to MDTFs and JPs<sup>2</sup>

WHEREAS, the Participating United Nations Organizations (hereinafter referred to collectively as the "Participating UN Organizations"), [the Convening Agent] and the Administrative Agent signed the Memorandum of Understanding (MOU), for the purpose of **Catalytic Support to Peacebuilding in Sri Lanka** hereinafter referred to as the **Joint Programme Catalytic Support to Peacebuilding in Sri Lanka**, starting on 1 April 2017 and ending on 30 September 2018.

WHEREAS, the objective, purpose and key aspects pertaining to the European Union's (EU) contribution to the **Joint Programme Catalytic Support to Peacebuilding in Sri Lanka**, (the "Contribution"), are defined in the Co-Delegation Agreement [reference no. of the Co-Delegation Agreement] with the European Commission (hereinafter referred to as the "Contribution Agreement"), a copy of which is attached as ANNEX to this Addendum to the MOU;

WHEREAS, the Contribution Agreement which is subject to the Financial and Administrative Framework Agreement between the European Community, represented by the Commission of the European Communities and the United Nations ("FAFA") provides for certain EU requirements not otherwise required by other donors under the UNDG Standard Administrative Arrangement, and in order to reflect the EU specific requirements related to the financial management of the EU Contribution to United Nations joint programming and pass-through arrangements, the MOU must be complemented with additional terms.

NOW, THEREFORE, the Administrative Agent, the Convening Agent and the Participating UN Organizations (hereinafter referred to collectively as the "Participants") hereby agree to complement the provisions set out in the MOU with this Addendum with respect to the Contribution as follows:

### Section I General Provisions and Conditions

1.1. The Participants acknowledge and agree that all the terms and conditions set out in the Contribution Agreement comprising the Special Conditions and the following annexes, which form an integral part of the Contribution Agreement, shall apply to the MOU:

Annex I:	Description of the Action
Annex II:	General Conditions (including Annex IIa)
Annex III:	Budget for the Action
Annex IV:	Financial Identification form
Annex V:	Standard request for payment
Annex VI:	Communication and Visibility Plan
Annex VII:	Management Declaration Template

1.2. Where there is a conflict between the MOU and the Contribution Agreement the Contribution Agreement will apply as further described herein.

<sup>1</sup> This instrument is to be signed between the Administrative Agent, the Convening Agent and the Participating UN Organizations involved in the implementation of a Multi-Donor Trust Fund (including 'Delivering as One'/'One UN' Funds) and/or Joint Programme in case it is funded or co-funded by the EU

<sup>2</sup> This Addendum should be read together with the UNDG Operationalization Guidelines for the EU PAGODA 2 Delegation Agreement

1.3. All references to the "Action" herein refer to the Action, as the term is defined in the Contribution Agreement.

1.4. The Participating UN Organizations shall have full programmatic and financial accountability towards the EU with respect to the Contributions received by them under the [insert name of Fund/Joint Programme] to ensure implementation is carried out in accordance with the terms of the Contribution Agreement and the MOU.

## Section II Monitoring

2.1 The Contribution Agreement implementation period, as identified in Article 2.2 and 2.3 of the Special Conditions of the Contribution Agreement, (the "Implementation Period"), defines the timeline during which expenditure may be incurred in order to be considered eligible.

2.2 The Participants shall ensure monitoring of the Description of the Action (Annex I of the Contribution Agreement) ("the DoA"), the Budget for the Action (Annex III of the Contribution Agreement) (the "BoA") and the Communication and Visibility Plan (Annex VI of the Contribution Agreement). The Participating UN Organizations will map their own accounting categories against the categories used in the BoA (UNDG Harmonized budget categories or outcome level budget). Participating UN Organizations shall monitor expenditures against these budget categories and anticipated deviations exceeding 25% of any budget category of the BoA shall be promptly reported to the Administrative Agent through the Steering Committee.

2.3 Participating UN Organizations will not make any expenditure over 25% of a budget category of the BoA without prior approval of the EU and amendment to the Contribution Agreement as outlined in Article 2.5 below.

2.4 Each Participating UN Organization shall also advise the Administrative Agent, through the Steering Committee, in case of delays or any circumstances likely to hamper or delay the implementation of activities. Once so advised, the Administrative Agent shall inform the EU accordingly and, where necessary, request for the Contribution Agreement to be adjusted to changed circumstances, including suspension of implementation.

2.5 Where changes require amending the Action, including Implementation Period, and/or the DoA, BoA or the Communication & Visibility Plan, the Steering Committee shall immediately inform the Administrative Agent and provide all necessary information in order for the Administrative Agent to formulate a request for amendment of the Contribution Agreement in line with provisions of the Article 11 set forth in the General Conditions (Annex II of the Contribution Agreement). Where changes require prior approval by the EU, the Participating UN Organizations shall await communication from the Administrative Agent, through the Steering Committee, before carrying out any of the additional tasks assigned or exceeding the existing budget's appropriations.

2.6 An amendment to the Contribution Agreement shall be set out in writing and signed by the EU and the Administrative Agent [and Participating UN Organisations if signatories as to the Agreement]. Requests for significant change of scope, Implementation Period and/or changes to the DoA, the BoA and the Communication & Visibility Plan shall be sent to the Administrative Agent at least two months before the change is expected to take effect.

2.7 Monitoring and evaluation of the Programme by the EU will be in accordance with the provisions of the MOU. At the conclusion of the EU evaluation mission, the EU will be requested to provide the Participants with a draft report prior to final issuance.

**Section III**  
**Reporting**

- 3.1 The narrative report referred to in the Contribution Agreement, shall follow the structure of the DoA and include the minimum requirements as provided in the General Conditions, complemented, as the case may be, by specific requirements set out in the Special Conditions.
- 3.2 A progress report (both narrative and financial) shall accompany any request for release of subsequent instalments of EU payments. The standard consolidated annual report produced by the Administrative Agent further to the MOU shall be used. It is further agreed that, when the timing of request for subsequent instalments and annual reporting deadlines are not aligned, an ad-hoc interim progress report shall be required in order to request a subsequent EU payment.
- 3.3 Upon decision by the Steering Committee to request a payment of the EU contribution outside of the regular reporting schedule, the Participating UN Organizations and the Convening Agent commit to provide the Administrative Agent with information on the implementation of the "Action" (both financial and narrative) including on actual expense and commitments under legally binding agreements entered into for the implementation of the Action. That information shall be provided within a month following the request by the Steering Committee. That information shall be consolidated by the Administrative Agent and sent to the EU together with a request for payment, and respective Management Declaration(s), where applicable.
- 3.4 A final narrative and financial report is required to be submitted to the EU in accordance with the Contribution Agreement. When the deadline for submission of the final report to the EU is not aligned with the deadline for final reporting outlined in section IV of the MOU, the Participating UN Organizations and the Convening Agent shall present to the Administrative Agent information concerning the implementation of the "Action" (both financial and narrative) over the Implementation Period and related eligible expenses carried out. The information shall be provided within four months of the completion of activities under the Action. The Administrative Agent shall consolidate the information and submit the final report to the EU no later than six months following the end of the Implementation Period, where applicable together with the request for payment of the final instalment, and respective Management Declaration(s), where applicable.
- 3.5 In addition to the information provided to the Administrative Agent for the timely submission of the final report to the EU, the Participating UN Organizations shall provide the Administrative Agent with a certified final financial statement in line with section IV article 1 (b) of the MOU.
- 3.6 Only eligible costs will be approved by the EU and should be included in the financial report. Each Participating UN Organization shall ensure compliance with the eligibility criteria for the costs incurred under the Action. Expenses incurred by the Participating UN Organization and/or by its implementing partner(s) that do not qualify as eligible costs for the Contribution shall be covered from that Participating UN Organization's other funding sources.
- 3.7 The Administrative Agent shall consolidate and submit asset information for each Participating UN Organizations to the EU. To this end, the Participating UN Organizations shall provide information to the Administrative Agent on assets and must ensure keeping the certificates of transfer of assets for

5 (five) years following the financial closure of the Contribution Agreement. The Administrative Agent shall have no responsibility to monitor the use of and/or transfer of assets. The management and verification of assets is the responsibility of the individual Participating UN Organizations to be performed in accordance with their respective regulations, rules, policies and procedures and with due regard to the relevant General Conditions governing verification missions.

- 3.8 In line with the General Conditions, the Participating UN Organization shall provide information on procurement actions above Euro 15,000 and on all "grants" awarded (as the term is defined in the General Conditions) to the Administrative Agent.
- 3.9 The Participating UN Organizations will provide annual Management Declarations (Annex VII of the EU Contribution Agreement) to the Administrative Agent along with the financial report. The Participating UN Organizations may prepare one annual Management Declaration per year covering multiple EU contributions received by them, or prepare annual Management Declarations on a project by project basis.

#### Section IV Managing Risks

The Contribution Agreement sets forth the final payment that the EU will pay in arrears, upon approval of the final report. As such, this amount shall be pre-financed by the Participating UN Organizations. The Participating UN Organizations shall follow their internal risk management policies to manage pre-financing. The accountability for pre-financing is with the Participating UN Organizations in a pass-through financing arrangement.

- 4.1 Currency exchange losses are considered ineligible by the EU and must be covered by another funding source. To share the risk of exchange rate fluctuations, any exchange rate differences will be shared among the Participating UN Organizations proportionately.
- 4.2 Further to article VI of the MOU, financial transactions and financial statements of the Administrative Agent and Participating UN Organizations shall be exclusively audited by their respective internal and external auditors in accordance with their own financial regulations and rules. However, the Administrative Agent and the Participating UN Organizations shall keep financial accounting documents concerning the activities forming part of the "Action" for at least five years after the end date of the Contribution Agreement or the date of the payment of the final instalment, whichever is the later. Such documents may be required in the context of EU verification missions. This requirement applies also to Participating UN Organization's implementing partners, grant beneficiaries and contractors, as the term is defined in the Contribution Agreement.

#### Section V Verification

5.1 Pursuant to the FAFA and the provisions of the Contribution Agreement, the Administrative Agent and Participating UN Organizations may be subject to verification during which an EU-appointed team would verify the use to which EU funds have been put in accordance with the terms of the FAFA and the Common Terms of Reference for Verification Missions, and as further agreed between UN agencies and the EU in the framework of the FAFA.

5.2 The Administrative Agent will notify and consult with the Participating UN Organizations as soon as it receives notification from the EU.

5.3 When dealing with requests from the EU-appointed verification team, each Participating UN Organization will follow its own disclosure policy. Without prejudice to such policies, Participating UN Organizations will develop a joint approach in providing the list of transactions with a view to ensuring consistency. The Participating UN Organizations will provide the Administrative Agent with the list for onward submission to the EU.

5.4 The Administrative Agent will share the draft EU verification report with the Participating UN Organizations who will coordinate their comments

5.5 Based on the findings of the final EU verification report, any ineligible expenditure incurred may result in a recovery order issued by the EU. The ineligible expenses shall be reimbursed to the EU by the respective Participating UN Organization(s) who incurred the ineligible cost. In case the Fund/Joint Programme Account is open at the time of the recovery order, the Participating UN Organization shall transfer the amount corresponding to the recovery order to the Administrative Agent who shall subsequently return the funds to the EU. In the event that the Participating UN Organization in question fail to do so, the Administrative Agent will so advise the EU. In no event will the Administrative Agent refund the EU from the Fund/Joint Programme Account if funds are not received from the Participating UN Organization in question. In case the Fund/Joint Programme account is closed at the time the recovery order is issued, the Participating UN Organization will return the funds directly to the EU.

#### Section VI Communication and Visibility

6.1 The Fund/Joint Programme will appoint a lead focal point to develop, implement and report on the communication and visibility plan annexed in the Contribution Agreement. Each Participating UN Organization will appoint a focal point to work with the lead communication and visibility focal point.

#### Section VII Expiration, Modification and Termination

7.1 This Addendum to the MOU may be modified only by written agreement between all of the Participants.

7.2 The obligations of the Participants hereunder including, without limitation, those under Section V will survive the termination or expiration of the MOU and this Addendum to the extent necessary to ensure the orderly conclusion of activities and the settlement of all outstanding issues, accounts, claims, disputes and liabilities hereunder.

IN WITNESS WHEREOF, the undersigned, duly authorized representatives of the respective Participants, have signed this Addendum to the MOU in English in \_\_\_ copies<sup>3</sup>.

For the Administrative Agent

Signature: [Signature]  
Name: Jennifer Topping  
Title: Executive Coordinator  
Place: New York  
Date: 26/4/17

For the Convening Agent [UNDP]

Signature: [Signature]  
Name: Jorn Sorensen  
Title: Country director  
Place: Colombo, Sri Lanka  
Date: 27 March 2017

UNICEF

Signature: [Signature]  
Name: Tim Sutton  
Title: Representative  
Place: Colombo, Sri Lanka  
Date: 28/3/17



UN-Habitat

Signature: [Signature]  
Name: Yoshinobu Fukasawa  
Title: Director, ROAP  
Place: Fukuoka, Japan  
Date: 19th May 2017

<sup>3</sup> Additional signatories can be included through addendum

## Annex I: Focal Points

### *For UNDP*

EU focal point for agency: Amanthi Wickramasinghe; [amanthi.wickramasinghe@undp.org](mailto:amanthi.wickramasinghe@undp.org)  
Communication: Kenosha Kumaresen; [Kenosha.kumaresan@undp.org](mailto:Kenosha.kumaresan@undp.org)  
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Investigation : Jorn Sorensen ; [jorn.sorensen@undp.org](mailto:jorn.sorensen@undp.org)

### *For UN Habitat*

EU focal point for agency: Aziza Usoof; [aziza@unhabitat.lk](mailto:aziza@unhabitat.lk)  
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### *For UNICEF*

EU focal point for agency: Tetyana Nikitina; [tnikitina@unicef.org](mailto:tnikitina@unicef.org)  
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