

27 February 2004

United Kingdom/UNDP Framework Arrangement on Co-Financing and Technical Cooperation

I am pleased to refer to the United Kingdom/ UNDP Framework Arrangement on Co-Financing and Technical Cooperation dated 19 March 2003 (hereinafter referred to as "the Framework Arrangement") and to inform you that my Government intends to make the following amendments:

- (i) Replace the word 'shall' with the word 'will' in Section 2 paragraphs 10, 13, 14, 17, 18, 19, and Appendix 1 footnote to paragraph 3
- (ii) Replace the words and numbers '1 Alie Street, London E1 8DE' with '5 Canada Square, London E14 5AQ' in Section 2 paragraph 5, and Appendix 1 paragraph 4 and Appendix 1 Annex 1.
- (iii) Replace the word 'agreement' with the word 'arrangement' in Appendix 1 paragraph 5
- (iv) Replace the word 'parties' with the word 'participants' in Appendix 1 paragraph 9

2. If the proposals set out above are acceptable to UNDP I am pleased to suggest that this Note, and your reply to that effect will place on record the understanding of the two participants in this matter which will come into operation on the date of your reply and which will be known as "the United Kingdom/UNDP Framework Arrangement on Co-Financing and Technical Cooperation (Amendment No. 1 2004)

For DFID



Sheila Round

United Nations and Commonwealth Department

**UK/UNDP FRAMEWORK ARRANGEMENT ON CO-FINANCING
AND TECHNICAL CO-OPERATION**

This Arrangement dated the 19th March 2003

Between

The Government of the United Kingdom of Great Britain and Northern Ireland
("the United Kingdom")

and

The United Nations Development Programme ("UNDP")

The United Kingdom and UNDP have decided to cooperate in the financing of programmes, projects and activities of a developmental nature. UNDP is prepared to receive and administer contributions from the United Kingdom for the implementation of such programmes, projects and activities of a developmental nature. The United Kingdom and UNDP have reached the following understanding:

Section 1

Competent Authority

1. In matters concerning the implementation of this Arrangement the Department for International Development ("DFID") will act on behalf and in the name of the United Kingdom.

Section 2

Administration and Reporting

1. DFID and UNDP will enter into an Administration Arrangement (Appendix 1) for each programme and project that DFID decides to finance with UNDP.
2. DFID contributions will be in furtherance of the objectives set out in the country, regional and global programmes, approved by the UNDP Executive Board and in accordance with DFID's development policy.
3. UNDP will be solely responsible for the administration of DFID financing covered by this Framework Arrangement and will carry out such administration in accordance with its financial regulations, rules and directives, with the same degree of care as it uses in the administration of its other programmes and projects.

4. Upon signature of an Administration Arrangement DFID will arrange payments in accordance with the payment schedule set forth in the relevant Administration Arrangement subject to continuing satisfactory implementation.

5. All such payments will be made in United Kingdom pounds sterling ("UK£"), to UNDP's Bank Account:

Account title: UNDP contributions GBP Account
Account number: 6008-6272-2030
Address: Bank of America, 5 Canada Square,
London E14 5AQ
Swiftcode BOFAGB22

7. When making any such payment, DFID will notify the Bank to advise UNDP Headquarters and the relevant UNDP office as to the amount deposited, the UNDP and DFID project code and name of the programme or project for which such deposit has been made and the date of such deposit.

8. In addition, DFID will send electronically (by e-mail) a copy of the deposit notification (as set out in Annex 1 of the relevant Administration Arrangement) to UNDP Headquarters and the relevant UNDP office. UNDP will issue an official receipt in UK£ and United States dollars ("US\$") for each deposit received to United Nations and Commonwealth Department (UNCD), DFID.

9. UNDP may exchange funds so deposited for US\$ at any time following DFID's deposit with UNDP, or for any other currency, in order to facilitate their disbursement.

10. The value of the payment, if made in a currency other than US\$, will be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP will inform DFID with a view to determining whether any further financing could be provided by DFID. Should such further financing not be available, the assistance to be provided to the programme/project may be reduced, suspended or terminated by UNDP.

11. Funds deposited by DFID may be commingled with other assets for the relevant programme, but will be administered under separate subsidiary ledger accounts in UNDP's systems.

12. UNDP will, for Trust Funds, maintain separate accounting records in respect of the funds deposited by DFID and disbursed by UNDP for each programme or activity.

13. The UNDP Headquarters and country office will provide to DFID all or parts of the following reports prepared in accordance with UNDP accounting

and reporting procedures. All financial reports will be prepared to US\$ in accordance with UNDP's directives, regulations and rules.

13.1 For Administrative Arrangements of one year or less:

- (a) From the country office (or relevant unit at Headquarters in the case of regional and global programmes/projects) within three months after the date of completion or termination of the Arrangement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data;
- (b) From the UNDP Bureau of Management/Comptroller's Division, an annual certified financial statement as of 31 December to be submitted no later than 30 June of the following year; and
- (c) From the UNDP Bureau of Management/Comptroller's Division on completion of the programme/project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.

13.2 For Administrative Arrangements of more than one year:

- (a) From the country office (or relevant unit at Headquarters in the case of regional and global programmes/projects) every year, the status of programme/project progress for the duration of the Arrangement, as well as the latest available approved budget.
- (b) From the UNDP Bureau of Management/Comptroller's Division, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
- (c) From the country office (or relevant unit at Headquarters in the case of regional and global programmes/projects) within three months after the date of completion or termination of the Agreement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data.
- (d) From the UNDP Bureau of Management/Comptroller's Division, on completion of the programme/project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.

All financial reports will be prepared in US\$ in accordance with UNDP's directives, regulations and rules.

- 14. If special circumstances so warrant, UNDP may provide additional provisional reporting at the expense of DFID. The specific nature and

frequency of this reporting will be specified under an annex of the Administration Arrangement.

15. UNDP will inform DFID of any events which, in the opinion of UNDP, interfere or threaten to interfere with the successful implementation of any operation financed by each grant.

16. Financial records, including documentation to support entries on accounting records and to substantiate charges against the contribution, will be maintained in accordance with UNDP's usual accounting procedures, financial regulations, rules and directives. All such financial records will be maintained for at least three years after the final disbursement of funds under the grant.

17. Each contribution will be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an audit report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information will be made available to DFID.

18. In accordance with decisions of the Executive Board of UNDP (including 98/2 and 2002/4), a portion of the DFID contribution may be used by UNDP to cover support costs in connection with specific programmes/projects. These support costs include:

- (a) Administrative and operational support costs, if any, paid to the executing and implementing entities;
- (b) Costs incurred by UNDP in providing administration and handling services of the contributions;

The level of support costs charges for item (b) above will in principle be five percent (5%). The total support cost for items (a) and (b) above will not exceed 15% of the total DFID contribution. The details relating to support costs regarding each contribution will be set out in the Administration Arrangement.

19. In line with UNDP's financial regulations, rules and procedures, UNDP may invest and reinvest the funds deposited by DFID with UNDP pending their disbursement. Any interest income attributable to the contribution will be credited to the programme and shall be utilized in accordance with UNDP procedures.

20. Following such deductions and except as may otherwise be agreed upon by UNDP and DFID, upon the completion or termination of a programme or activity for which development aid funds have been deposited with UNDP by DFID under this Arrangement, UNDP will return any unused balances to DFID.

Procurement by UNDP

1. Funds to be administered by UNDP under this Arrangement will be used to finance the purchase of goods, services and expenditure in connection with the programmes and projects to be undertaken under this Framework Arrangement. Such goods and services will be purchased in accordance with UNDP's regulations, rules and directives.
2. UNDP will include in all Administration Arrangements entered into under this Framework Arrangement a provision that the aid funds will not be used for the payment of import and customs duties on goods imported or services provided under the programme.
3. DFID will, at the request of UNDP, make available to UNDP, to the best of its ability, information concerning expertise available in DFID in sectors which may be of interest to UNDP.

Section 4

Programme Information and Supervision

1. The identification, preparation, appraisal and supervision of the programmes and projects which DFID assists in financing under to this Arrangement will be the responsibility solely of UNDP and will be carried out by UNDP in accordance with UNDP's standard policies and procedures.
2. Representatives of DFID will be invited to participate in missions relating to programmes co-financed by DFID or to be financed under this Arrangement as the Programme Country, UNDP and DFID will deem appropriate. The costs of DFID participating in such missions will be covered by DFID. UNDP will keep DFID informed of key findings of such missions and regularly provide DFID with summaries of any supervision reports resulting from such missions.
3. DFID will not be responsible for the activities of any person employed by UNDP as a result of this Arrangement, nor will DFID be liable for any costs incurred by UNDP in terminating the engagement of any such person.
4. UNDP will promptly inform DFID of any significant modification to the provisions of any Administration Arrangement between UNDP and a Programme Country with respect to a programme or project co-financed by DFID under this Arrangement.
5. To the extent practicable, UNDP will afford DFID a reasonable opportunity to exchange views before effecting any such modification.

6. UNDP will, giving due consideration to due process, and subject to its privileges and immunities, provide to DFID details of any fraud or maladministration in relation to the programme or activity financed by each Grant.

Section 5

Termination of Framework Arrangement

1. This Arrangement will come into operation on the date of its signature and will supersede any previous Framework Arrangement concerning the administration of development aid funds entered into by DFID and UNDP.
2. This Arrangement will remain in effect unless earlier terminated by either Participant upon giving not less than three months' prior written notice to that effect to the other Participant. Such termination will not oblige UNDP to repay any funds until satisfaction of all commitments and liabilities.

Section 6

Communications

1. All written communications related to this Arrangement will be directed to the following addresses:

For DFID:
United Nations and Commonwealth Department (UNCD)
1 Palace Street
London SW1E 5 HE
Fax: 44 20 7023 0194

For UNDP:
Division for Resources Mobilization
Bureau for Resources and Strategic Partnerships
DC1-19th floor
1 UN Plaza
New York, NY 10017
USA
Fax: 1-212-906-6577

Section 7

Miscellaneous

1. This Arrangement may be amended only by written agreement of the Participants.

2. Two originals of the text of this Framework Arrangement, written in the English language, have been signed by the Parties

on the 24 of March 2003

FOR THE GOVERNMENT OF THE UNITED KINGDOM

By: Phil Evans, Senior Social Adviser, Permanent Mission of the United Kingdom to the United Nations

FOR THE UNITED NATIONS DEVELOPMENT FUND

By: Nicola M. Harrington, Director, Division for Resources Mobilization, Bureau for Resources and Strategic Partnerships

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APPENDIX 1

Administration Arrangement for Cost-sharing between the Government of the United Kingdom of Great Britain and Northern Ireland and the United Nations Development Programme.

I am pleased to inform you that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland ("the United Kingdom") to make available a contribution ("the Contribution") of £18,600 (eighteen thousand six hundred pounds sterling) as a grant, to be administered by UNDP for the: *Drought Recovery Coordinator for the Republic of the Marshall Islands*, *UNDP project number 87777*, *Award ID 76309*, *FCO project number PAP000662* subject to your acceptance of the following proposals:

1. The terms of the Framework Arrangement between the United Kingdom and UNDP signed on 27 February 2004 will apply to the Contribution, and to how UNDP administers it, except as otherwise provided herein. The Foreign and Commonwealth Office ("the FCO") will act on behalf of the United Kingdom in matters concerning this Administration Arrangement.
2. The Contribution will be used exclusively for the following purposes: to facilitate the Republic of the Marshall Islands to recover from severe drought, and prevent its recurrence, by providing a comprehensive framework and strategy for drought recovery, which focuses on enhancing drought resilience, as laid out in the project document: *Drought Recovery Coordinator, for the Republic of the Marshall Islands* [FCO and UNDP references].
3. The contribution will be subject to the following support costs:
 - a) **Seven per cent** for cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
 - b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity or implementing partner
4. The FCO will upon receipt of a request in the form of a numbered invoice from UNDP deposit the Contribution [as a grant] in UNDP's Bank Account at:

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UNDP Contributions GBP
Account No. 6008-6272-2030
Bank of America - London,
5 Canada Square,
London, E14 5AQ
The United Kingdom

In accordance with the following schedule:

- £9,300 by 31 December 2013; and
 - £9,300 by 01 February 2014
5. The above schedule may be amended by mutual consent of UNDP and the United Kingdom dependent upon actual and estimated expenditure and need. FCO will notify UNDP Headquarters of each payment using the form attached at Annex 1.
6. UNDP will provide to FCO with each request for payment, presented in accordance with this Section, a financial utilisation report of: -
- a) all amounts previously received under the Administration Arrangement;
 - b) prior year's expenditure, current year's expenditure to date and unutilised budget to-date under the Administration Arrangement; and
 - c) the balance on the Programme Budget Allotment.
7. Where a project is completed, the expectation is that the Contribution funds will be fully utilised in accordance with the provisions of this Administration Agreement by **March 31, 2014**. UNDP will only disburse the funds for the purpose of this Administration Agreement after such date with the written approval of the United Kingdom.
8. If at any time, either Participant determines that the purposes of this Administration Arrangement can no longer be effectively or appropriately carried out, or if the Framework Arrangement is terminated, this Administration Arrangement may be terminated by either Participant giving three (3) months' written notice. Such termination will not oblige UNDP to repay any funds until satisfaction of all commitments and

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liabilities incurred before the date of termination pursuant to this Administration Arrangement.

- Subject to paragraphs 6 and 7 above, upon the completion or termination of a programme or activity for which development aid funds have been deposited with UNDP by FCO under this Administration Arrangement, or upon termination of this Administration Arrangement, UNDP will return any unused balances, including any interest earned thereon, to FCO.

The offices responsible for co-ordination of all matters relating to this Administration Arrangement are:

For the FCO

For UNDP

Secretary for State for Foreign
and Commonwealth Affairs

UNDP Fiji Multi-Country Office

- If the above is acceptable to UNDP, I would like to propose that this letter and your reply in confirmation will constitute an Arrangement between the United Kingdom and UNDP for the *Drought Recovery Coordinator for Marshall Islands*, which will take effect on the date of your reply.



HE Roderick Drummond
British High Commissioner, Suva

[Signed by appropriate FCO representative]
representative]



Ms Osnat Lubrani
UN Resident Coordinator

18/11/2013

[Signed by appropriate UNDP

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