

**Form of Administration Arrangement for Cost-sharing between the  
Department for International Development and the United Nations  
Development Programme**

1. I am pleased to inform you of the intention of the United Kingdom to make available a contribution ("the Contribution") of **Five Million Pounds Sterling** as a grant, to be administered by UNDP for the **Private Sector Development Project, UNDP Project ID 00085368 and DFID project reference number 203824-102**. The terms of the Framework Arrangement will apply to the Contribution. UNDP will administer the Contribution in accordance with the provisions of the Framework Arrangement, except as otherwise provided herein.

2. The Contribution will be used exclusively for the following purposes:

- ***Provision of Matching Grants, under the Agriculture and Manufacturing Window of the Malawi Innovation Challenge Fund established under the Private Sector Development Project;***

as laid out in the project document **Private Sector Development Project, UNDP Project ID 00085368 and DFID project reference number 203824-102**.

3. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal to 7%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of executing entity or implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.

4. The United Kingdom will deposit the Contribution as a grant with UNDP, upon request from UNDP, in UNDP's Bank Account:

Name: UNDP Contributions GBP Account  
No. 6008-6272-2030  
Bank of America - London,

**5 Canada Square, London E14 5AQ**

**SWIFT code BOFAGB22**

in accordance with the following schedule

**£ 500,000 by 31 October 2013,**

**£ 500,000 by 31 May 2014,**

**£ 500,000 by 30 September 2014,**

**£ 500,000 by 31 January 2015,**

**£ 500,000 by 31 May 2015,**

**£ 500,000 by 30 September 2015,**

**£ 700,000 by 31 January 2016,**

**£ 800,000 by 31 May 2016**

**£ 500,000 by 30 September 2016**

The above schedule may be amended by mutual consent of UNDP and the United Kingdom dependent upon actual and estimated expenditure and need. DFID will notify UNDP Headquarters of each payment using the attached form.

5. UNDP will provide to DFID 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.

6. It is expected that the Contribution funds will be fully utilised in accordance with the provisions of this Administration Arrangement by 31 December 2016. UNDP will only disburse the funds for the purpose of this Administration Agreement after such date upon the approval of the United Kingdom.

7. 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 at the initiative of either Participant by giving three (3) months' written notice. Such termination will not oblige UNDP to repay any funds until satisfaction of all commitments and liabilities.

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

For the United Kingdom

A handwritten signature in black ink, consisting of stylized, cursive letters, positioned above a solid horizontal line.

For UNDP


A handwritten signature in blue ink, consisting of stylized, cursive letters, positioned above a solid horizontal line.

8. I would like to propose that this letter will, upon your confirmation in the manner indicated below, constitute an Arrangement between the United Kingdom and UNDP for the **Private Sector Development Project**.

9. Three originals of the text of this Arrangement, written in the English language, have been signed by the Participants

Yours sincerely,

DFID



Confirmed

UNDP



Authorised Representative

Date: 12th June 2013

## ANNEX 1

In accordance with Section 2, Administration and Reporting, point 14, of the UK/UNDP Framework Arrangement on Co-Financing and Technical Cooperation, dated the 19<sup>th</sup> March 2003, in addition to a Financial Utilization Report being provided to DFID ahead of each disbursement, UNDP will also provide DFID with a general Progress Update on the activities financed by DFID's contribution. This will include a breakdown of funds disbursed to each of the grantees under the Malawi Innovation Challenge Fund, including progress against milestones agreed with the grantees at the beginning of each project.

Disbursement of funds from DFID to UNDP will take place upon receipt of both the financial utilization report and the general Progress Update. Disbursement of DFID funds to UNDP will mirror expected disbursement profiles to the grantees. Any amendment to the calendar of payment will be made in writing, after consultation between the Parties.

UNDP will explicitly acknowledge DFID's support through use of DFID's UKaid logo in all communications with the public or third parties about this project unless otherwise agreed (in advance).