

**EUROPEAN UNION
CONTRIBUTION AGREEMENT¹**

FED/2019/410-934
(the "Agreement")

The European Union, represented by the European Commission (the "**Contracting Authority**"), first counterparty,

and

Food and Agriculture Organization of the United Nations (FAO)

International Organisation
Viale delle Terme di Caracalla
00153 Rome, Italy
hereinafter the "**Organisation**"

and

International Labour Organization (ILO)
International Organization
Route des Morillons, 4, CH-1211 Geneva 22, Switzerland
LEF 6000069462
as "**Partner**"

and

United Nations Capital Development Fund (UNCDF)
International Organisation
Two United Nations Plaza, 26th Floor
New York, NY 10017
as "**Partner**"

and

United Nations Development Programme (UNDP)
International Organisation
One UN Plaza
10017 – New York, USA
as "**Partner**"

and

International Telecommunication Union (ITU)
International Organisation
Place des Nations, CH-1211 Geneva 20, Switzerland
as "**Partner**"

second counterparty, (individually a "Party" and collectively the "Parties") have agreed as follows:



SPECIAL CONDITIONS

Article 1 - Purpose

- 1.1 The purpose of this Agreement is to provide a financial contribution to finance the implementation of the action “Support to Rural Entrepreneurship, Investment and Trade in Papua New Guinea (STREIT PNG)” as described in Annex I (the “Action”). This Agreement establishes the rules for the implementation and for the payment of the EU Contribution, and defines the relations between the Organisation and the Contracting Authority.
- 1.2 The Action is a Multi-Donor Action and the EU Contribution is not earmarked.
- 1.3 In the performance of the activities, the Organisation shall:
 - a) apply its own accounting, internal control and audit systems which have been positively assessed in the ex-ante pillar assessment. In the event that the ex-ante pillar assessment has raised some reservations, the Organisation shall comply with the ad hoc measures stated in Article 7.
 - b) apply its own procurement procedures, as assessed in the ex-ante pillar assessment and its own rules for the award of Grants, as assessed in the ex-ante pillar assessment

In the performance of the activities, ILO shall:

apply its own accounting, internal control and audit systems which have been positively assessed in the ex-ante pillar assessment. In case the ex-ante pillar assessment raised some reservations ILO shall comply with the ad hoc measures stated in Article 7.

apply its own procurement procedures, as assessed in the ex-ante pillar assessment and its own rules for the award of Grants, as assessed in the ex-ante pillar assessment

In the performance of the activities, UNCDF shall:

apply its own accounting, internal control and audit systems which have been positively assessed in the ex-ante pillar assessment. In case the ex-ante pillar assessment raised some reservations UNCDF shall comply with the ad hoc measures stated in Article 7.

apply its own procurement procedures and its own rules for the award of Grants, as assessed in the ex-ante pillar assessment

In the performance of the activities, UNDP shall:

apply its own accounting, internal control and audit systems which have been positively assessed in the ex-ante pillar assessment. In case the ex-ante pillar assessment raised some reservations UNDP shall comply with the ad hoc measures stated in Article 7.

apply its own procurement procedures and its own rules for the award of Grants, as assessed in the ex-ante pillar assessment.

In the performance of the activities, ITU shall:

apply its own accounting, internal control and audit systems which have been positively assessed in the ex-ante pillar assessment. In case the ex-ante pillar assessment raised some reservations ITU shall comply with the ad hoc measures stated in Article 7.

apply its own procurement procedures as assessed in the ex-ante pillar assessment and agreed rules for the award of Grants



The Organisation and the Partner(s) are free to use any Regulations and Rules which have not been subject to an ex-ante pillar assessment to the extent that these Regulations and Rules are not in conflict with the provisions of this Agreement.

- 1.4 The Action is financed under the 11th European Development Fund (EDF).
- 1.5 The Organisation and the Partners shall provide a management declaration in accordance with Articles 3.10 of Annex II with every progress and final report.
- 1.6 This Agreement is subject to the provisions of the Financial and Administrative Framework Agreement ("FAFA") between the European Commission, on behalf of the European Union and the United Nations signed on 29 April 2003 as amended by Addendum No. 1, signed on 26 February 2014 and as adapted via an exchange of letters signed on 31 December 2018.

Article 2 - Entry into Force and Implementation Period

Entry into Force

- 2.1 The Agreement shall enter into force on the date when the last Party signs.

Implementation Period

- 2.2 The implementation period of the Agreement (the "Implementation Period") shall commence on:
 - the first day of the month following the date on which the Contracting Authority pays the first pre-financing.
- 2.3 The Implementation Period of the Agreement is fifty three (53) months.

Article 3 - Financing the Action

- 3.1 The total cost of the Action is estimated at USD ("Currency of the Agreement") 89,800,589.87, as set out in Annex III. The Contracting Authority undertakes to provide a contribution up to a maximum of EUR 81,300,000, which is estimated at USD 89,470,440.64 (the "EU Contribution").

The final amount will be established in accordance with Articles 18 to 20 of Annex II.

Remuneration

- 3.2 The remuneration of the Organisation by the Contracting Authority for the implementation of the activities to be implemented under this Agreement shall be 7% of the final amount of eligible direct costs of the Action to be reimbursed by the Contracting Authority.

Interest on pre-financing

- 3.3 Interest generated on pre-financing shall not be due.

Article 4 - Payment Arrangements and Reporting

- 4.1 The pre-financing rate is 100%.
- 4.2 Payments shall be made in accordance with Article 19 of Annex II. The following amounts are applicable, all subject to the provisions of Annex II:

First pre-financing instalment: USD 16,971,070.05



Further pre-financing instalment(s): USD 72,499,370.59 following the end of the 1st, 2nd, 3rd and 4th reporting periods, corresponding to the Contracting Authority's part of the forecast budget for the subsequent 12 months.

The sum of the payments in the accounting currency of the Organisation shall not exceed the total EU Contribution in EUR.

4.3 The Commission intends to progressively introduce an electronic exchange system for the e-management of contracts and agreements (the "System"). The Organisation will be required to register in and use the System to allow for the e-management of Contribution Agreements. The Commission will inform the Organisation in writing at least three months prior to the date of application of the individual components of the System.

As a first step, the information to be provided in accordance with Article 3.7 b) of Annex II has to be processed via the System for all reports insert before the system is operational for the reporting on results (first step) [(expected for 2020)].

As a second step, all documents related to this Agreement (including reports, payment requests and formal amendments as per Article 11.1 of Annex II) will have to be processed via the System (expected for April 2020).

Article 5 – Communication language and contacts

- 5.1 All communications to the Contracting Authority in connection with the Agreement, including reports referred to in Article 3 of Annex II, shall be in English.
- 5.2 Subject to Article 4.3, any communication relating to the Agreement shall be in writing, shall state the Contracting Authority's contract number and the title of the Action, and shall be dispatched to the addresses below.
- 5.3 Subject to Article 4.3, any communication relating to the Agreement, including payment requests and attached reports, and requests for changes to bank account arrangements shall be sent to:

For the Contracting Authority

For the attention of:
Mr. Jorge Nieto Rey,
Head of Finance and Contracts,
European Union Delegation to Papua New Guinea,
6th Floor, BSP Haus, Harbour City, Port Moresby,
P.O. Box 76, Port Moresby, Papua New Guinea.

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

For the attention of:
Mr. Rene Mally,
Head of Cooperation,
European Union Delegation to Papua New Guinea,
6th Floor, BSP Haus, Harbour City, Port Moresby.
P.O. Box 76, Port Moresby, Papua New Guinea.



For the Organisation

Ken Shimizu

Head of FAO Office in Papua New Guinea

Central Government Office Level 2 Kumul Drive, Waigani, National Capital District 121

PORT MORESBY

Direct line: +675 3212877

Mobile: +675 7110 8771

and

Gustavo, González

Director

Business Development and Resource Mobilization Division

Programme Support and Technical Cooperation Department

Food and Agriculture Organization of the United Nations (FAO)

Viale delle Terme di Caracalla, 00153 Rome, Italy

Email: Gustavo.gonzalez@fao.org

Tel: (+39) 06 570 55242

For financial matters:

Mr David McSherry

Head, Trust Fund Liaison Group

Finance Division

Viale delle Terme di Caracalla,

00153 Rome, Italy

Email: David.McSherry@fao.org

Tel: +39 06 570 53719

- 5.4 Ordinary mail shall be deemed to have been received on the date on which it is officially registered at the address referred to above.
- 5.5 The contact point within the Organisation, which shall have the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate the latter's operational activities shall be:
- Mr Egbert C. Kaltenbach, Inspector-General ad interim, Inspector General's Office (OIG), Food and Agriculture Organization of the United Nations (FAO), Viale delle Terme di Caracalla, 00153 Rome, Italy.
- 5.6 All exchanges concerning the Early Detection and Exclusion System shall take place between the Contracting Authority and the authorised person designated by the Organisation, which is:
- Mr David McSherry, Head, Trust Fund Liaison Group, Finance Division, Viale delle Terme di Caracalla, 00153 Rome, Italy



Article 6 - Annexes

6.1 The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

- Annex I: Description of the Action (including the Logical Framework of the Action)
- Annex II: General Conditions for Contribution Agreements
- Annex II. a: Provisions applicable only to Multi-Partner Contribution Agreements
- 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

6.2 In the event of a conflict between these Special Conditions and any Annex thereto, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II including Annex II.a) and those of the other Annexes, the provisions of Annex II including Annex II.a) shall take precedence.

Article 7 – Additional specific conditions applying to the Action

7.1 The following shall supplement Annex II:

7.1.1 Where the implementation of the Action requires the setting up or the use of one or more project offices, the Organisation may declare as eligible direct costs the capitalised and operating costs of the structure if all the following conditions are fulfilled:

- a) They comply with the cost eligibility criteria referred to in Article 18.1 of Annex II;
- b) They fall within one of the following categories:
 - i) costs of staff, including administration and management staff, directly assigned to the operations of the project office. The tasks listed in the Description of the Action (Annex I), undertaken by staff assigned to the project office will be directly attributable to the implementation of the Action.
 - ii) travel and subsistence costs for staff and other persons directly assigned to the operations of the project office;
 - iii) depreciation costs, rental costs or lease of equipment and assets composing the project office.
 - iv) costs of maintenance and repair contracts specifically awarded for the operations of the project office;
 - v) costs of consumables and supplies specifically purchased for the operations of the project office;
 - vi) costs of IT and telecommunication services specifically purchased for the operations of the project office;
 - vii) costs of energy and water specifically supplied for the operations of the project office;
 - viii) costs of facility management contracts including security fees and insurance costs specifically awarded for the operations of the project office;
- c) Where costs of the project office are declared as actual costs, the Organisation declares as eligible only the portion of the capitalised and operating costs of project office that corresponds to the duration of the Action and the rate of actual use of the project office for the purposes of the Action.
- d) Costs of the project office not declared as actual costs are only eligible if they have been ex ante-assessed by the European Commission.



- 7.1.2 For the purpose of this Agreement, the Organisation acts as UN Administrative Agent, under the following conditions:
- a) The Organisation shall serve as the administrative interface between the Contracting Authority, other donors and the Participating UN Organisations. The monitoring task established in Article 2.b of Annex II.a shall be implemented in accordance with the mandate of the UN Administrative Agent.
 - b) In addition to the tasks described in Article 2 of Annex II.a, the Organisation shall act as Administrative Agent for the UN Organisations and will therefore:
 - i) receive financial contributions from all donors that wish to provide financial support to the Action;
 - ii) administer the funds received, in accordance with its applicable Regulations and Rules, including the provisions relating to winding up the Action and related matters;
 - iii) subject to availability of funds, disburse such funds to each of the Participating UN Organisations in accordance with instructions from the Steering Committee, taking into account the budget set out in the approved programmatic document/Joint Programme Document, as amended in writing by the Steering Committee;
 - iv) consolidate statements and reports, based on submissions provided to the Administrative Agent by each Participating UN Organisation, as set forth in the TOR/Joint Programme Document, and provide these to each donor that has contributed to the Fund/Programme Account and to the Steering Committee;
 - v) provide final reporting, including notification that the Action has been operationally completed;
 - vi) disburse funds to a Participating UN Organisation for any additional costs of the tasks that the Steering Committee may decide to allocate in accordance with the TOR/Joint Programme Document.
 - c) A coordination mechanism (referred to as the "Steering Committee") to facilitate the effective and efficient collaboration between the Participating UN Organizations and the host Government for the implementation of the Fund or Programme shall be established. The detailed description of key roles, responsibilities and functions of the Steering Committee is provided in Annex I ("Description of the Action").
 - d) Without prejudice to points 2.b) to 2.k) of Article 2 of Annex II.a), the Organisation shall be solely responsible for the performance of tasks assigned to it in Annex I and in the specific agreement between itself and the Partners.
 - e) By derogation from Article 3 of Annex II, the Organisation shall provide the Contracting Authority with the following reports, in the same language as the Agreement, based on the reports provided by each UN Participating Organisation and prepared in accordance with the accounting and reporting procedures applicable to it:
 - i) annual consolidated narrative progress reports to be provided no later than five months (31 May) after the end of the calendar year;
 - ii) annual consolidated financial reports, as of 31 December with respect to the funds disbursed from the Fund/Programme Account, to be provided no later than five months (31 May) after the end of the calendar year;
 - iii) final consolidated narrative report to be provided no later than six months (30 June) after the end of the year following the financial closing of the Action and/or end of implementation period, whichever comes first;
 - iv) in case of Multi-Donor Actions which continue after the end of the implementation period of this Agreement, a final consolidated financial report, based on uncertified final financial statements and final financial reports, to be provided no later than six months



(30 June) after the end of the year following the financial closing of the Action and/or end of implementation period, whichever comes first.

7.1.3 The eligibility and reimbursement of costs identified in Annex III to be reported based on simplified cost options not linked to the achievement of concrete Results is contingent on an explicit authorisation by the European Commission following a positive assessment of the specific simplified cost options concerned.

Done in Papua New Guinea in three originals in the English language, two for the Contracting Authority, one for the Organisation. The Organisation also signs this Agreement on behalf of all Partners.

For the Organisation

Name *Kundhavi KADIREGAN*
Position *ADD/RR, RAP*
Signature *[Handwritten Signature]*
Date *6 December 2019*

For the Contracting Authority

Name *Jerny Videtič*
Position *Head of Delegation*
Signature *[Handwritten Signature]*
Date *3rd of December, 2019*

