

# FIDUCIARY PRINCIPLES ACCORD

The Organisations of the World Bank each separately executing this Fiduciary Principles Accord, and the Organisations and subsidiary organs of the United Nations System each separately executing this Fiduciary Principles Accord

A. *Committed* to closer collaboration in all aspects of their work in order to be better partners to member countries and in order to deliver assistance and support more effectively and more sustainably;

B. *Taking account of* the unique role that each of them has in providing development (and in the case of the organisations of the United Nations System, also humanitarian assistance) and their respective comparative advantages in particular aspects of such assistance;

C. *Recalling* that each of them has been established by, is governed by, and is accountable to, its respective member countries;

D. *Recalling further* that each of them has fiduciary duties with respect to funds entrusted to it;

E. *Building* on prior initiatives (including the Financial Management Framework Agreement between the World Bank and the United Nations dated 10 March 2006) to reduce transaction costs associated with operational aspects of their partnership and to improve the mobilization and disbursement of financial resources in particular from donor-supported trust funds during crisis and post-crisis, and emergency and humanitarian, situations.

Now agree as follows:

## Assurances of Sound Fiduciary Framework and Accountability and Oversight Framework

1. Each signatory to this Fiduciary Principles Accord (this “FPA”) assures each other signatory to this FPA that it has a sound fiduciary framework and accountability and oversight framework;

2. More particularly, each signatory to this FPA:

a. gives the following assurances to each other signatory to this FPA:

I. that its regulations, rules, procedures and administrative practices for: (A) financial management, including audit and control frameworks; (B) procurement; (C) programme or project design, implementation, and monitoring; and (D) prevention of fraud and corruption, are consistent with sound standards and practices, as more fully set forth in Annex 1 to this FPA;

- b. gives the following undertakings to each other signatory to this FPA:
- I. that should it become aware of information that indicates the need for further scrutiny of its use of funds to which this FPA applies (including allegations of corrupt, fraudulent, coercive or collusive practices in connection with use of such funds), it will (A) notify the signatory to this FPA from which it received such funds and will inform it of the actions being taken as a result, and (B) give additional assurances to that disbursing organisation, through senior-level consultations, that its oversight and accountability mechanisms have been and are being fully applied in connection with such information, as is more fully set out in the applicable agreements referred to in Article 7 below;
  - II. that for so long as it is a signatory to this FPA it will make available to the United Nations Development Operations Coordination Office and the Office of the World Bank's Vice-President, Operations Policy and Country Services a copy of its audited financial statements and external auditors' report on its financial statements within ten (10) days of such becoming public documents;
  - III. that it will re-state these assurances and undertakings every two (2) years, counted from the date it signs this FPA; and
  - IV. that it will notify the other signatories of this FPA promptly upon concluding either that it is no longer able to give the assurances set out in paragraph 2(a) above or that it is no longer in a position to provide the undertakings set forth in this paragraph 2(b), whereupon it will be deemed to have withdrawn from this FPA as of the day such notice has been received by both the United Nations Development Operations Coordination Office and the date such notice is received by the Office of the World Bank's Vice-President, Operations Policy and Country Services.

Reliance; Standard Disbursement Agreement Terms

3. Each signatory to this FPA that disburses funds to another signatory to this FPA will, in the discharge of its fiduciary duties with respect to the funds disbursed, rely on the recipient organisation's assurance of the soundness of the receiving organisation's fiduciary framework and accountability and oversight framework. Funds so disbursed will therefore be received, administered, managed, expended, reported on, and audited, in accordance with the regulations, rules, procedures and administrative practices of the receiving organisation, including those relating to direct and indirect costs (including indirect programme support costs) and interest, and will be subject to the applicable agreement referred to in Article 7 below.

#### Entry into Force; Participation in this FPA and Withdrawal

4. This FPA will enter into force on the day on which one Organisation of the World Bank has signed this FPA and delivered it to both the United Nations Development Operations Coordination Office and the Office of the World Bank's Vice-President, Operations Policy and Country Services and one Organisation or subsidiary organ of the United Nations System has signed this FPA and delivered it to both the United Nations Development Operations Coordination Office and the Office of the World Bank's Vice-President, Operations Policy and Country Services. Other international financial institutions and multilateral intergovernmental organisations, and other Organisations of the United Nations System and their subsidiary organs, may become signatories to this FPA by delivering an executed copy of this FPA in accordance with this Article 4. A signatory to this FPA will be bound by the terms of this FPA as of the day on which it has delivered an executed copy of this FPA to both the United Nations Development Operations Coordination Office and the Office of the World Bank's Vice-President, Operations Policy and Country Services.

5. A signatory to this FPA may withdraw from this FPA by delivering a written notice of withdrawal to the officials referred to above, with its withdrawal being effective as of the day on which such notice has been received by both the United Nations Development Operations Coordination Office and the Office of the World Bank's Vice-President, Operations Policy and Country Services. A signatory to this FPA will be deemed to have withdrawn from this FPA in the circumstances set out in Article 2(b)(IV) above. A signatory's withdrawal from this FPA may result in termination of any ongoing agreement it has entered into pursuant to this FPA, consistent with the terms and conditions of such agreement.

#### Application; Standard Forms of Documentation

6. The provisions of this FPA will apply to funds: (a) disbursed either (I) by one of the Organisations of the World Bank signing this FPA to one of the Organisations or subsidiary organs of the United Nations System signing this FPA, or (II) by one of the Organisations or subsidiary organs of the United Nations System signing this FPA to one of the Organisations of the World Bank signing this FPA; that are (b) from a donor-supported trust fund administered by the disburser for crisis and post-crisis, or emergency or humanitarian, interventions; and (c) whether or not the disbursement constitutes a grant to the receiving organisation or a sub-grant to the receiving organisation.

7. The following standard forms of documentation, to be used in cases to which this FPA applies, are attached as Annex 2: a standard disbursement agreement, to be used for disbursements in category (a)(I) referred to above; and a standard Memorandum of Understanding to be used for disbursements in category (a)(II) above. The documents attached as Annex 2 may be amended from time to time by the written agreement of all the signatories to this FPA.

8. Nothing in this FPA shall prevent any two signatories to this FPA from agreeing, in appropriate circumstances and following such consultations as may be required under their respective internal procedures, to apply this FPA to the disbursement of any funds from one to the other, and from using such documentation for that disbursement as they may agree.

Periodic Review

9. The signatories to this FPA agree to meet from time to time, and no less frequently than once every two years, to review the implementation of this FPA and, if it is felt necessary, to consult as to possible changes to this FPA, which changes will come into effect if adopted by all signatories to this FPA.

Additional Provisions

10. Each executed copy of this FPA will be made publicly available on a dedicated internet site maintained jointly by the United Nations Development Operations Coordination Office and the Office of the World Bank's Vice-President, Operations Policy and Country Services.

**IN WITNESS WHEREOF**, the undersigned, duly authorized representatives of the respective signatories, have signed this Fiduciary Principles Accord on the dates indicated below

Food and Agriculture Organisation of the United Nations

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

International Bank for Reconstruction and Development

By: \_\_\_\_\_

Name: Jeffrey S. Gutman

Title: Vice President, Operations Policy and Country Services

Date: December 2, 2008

International Development Association

By: \_\_\_\_\_

Name: Jeffrey S. Gutman

Title: Vice President, Operations Policy and Country Services

Date: December 2, 2008

International Labor Organisation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Office of the United Nations High Commissioner for Refugees

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

United Nations Children's Fund

By: \_\_\_\_\_

Name: Ann M. Veneman

Title: Executive Director

Date: 2 December 2008

United Nations Development Programme

By: \_\_\_\_\_

Name: Ad Melkert

Title: Associate Administrator

Date: \_\_\_\_\_

United Nations Educational, Scientific, and Cultural Organisation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

United Nations Human Settlement Programmes (UN-Habitat)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

United Nations Office for Project Services

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

United Nations Population Fund

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

World Food Programme

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

World Health Organisation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# ANNEX 1

## COMPONENT 1: FINANCIAL MANAGEMENT PRINCIPLES

The organisation maintains sound financial management systems and arrangements to ensure that funds are used for the purposes intended with due attention to considerations of economy and efficiency and value for money. The organisation's financial management systems and arrangements (which include its budgeting, accounting, internal controls, funds flow, financial reporting and internal and external auditing arrangements, and related policies, procedures and practices): facilitate the preparation of regular, timely and reliable financial statements; support the provision of a complete, true and fair record of all transactions and balances, including those relating to funds to which this FPA applies; safeguard assets, including assets financed by funds to which this FPA applies; and are subject to internal and external auditing arrangements in line with internationally accepted standards.

The organisation's auditing arrangements allow, on an exceptional basis, for its external auditors to be requested to perform a special examination.

The organisation continuously undertakes appropriate measures, including capacity strengthening, to mitigate risks posed by any weakness identified in its financial management systems and arrangements.

## COMPONENT 2: PROCUREMENT POLICIES AND PROCEDURES

The organisation's procurement policies and procedures: require procurement actions to be taken on the basis of economy and efficiency, and value for money (with due consideration towards promotion of sustainable and competitive markets); require transparency to the maximum extent possible consistent with achieving all other goals of a sound procurement system; and have appropriate procedures for all different types of procurement (goods, works, consulting and non-consulting services etc.).

These procurement policies and procedures provide for a range of procurement modalities including but not limited to open competitive bidding, invitation to bid issued to pre-qualified suppliers selected by the organisation, and single sourcing. In the case of open competitive bidding, the organisation's procurement policies and procedures provide for timely and effective notification of bidding opportunities, use of bidding documents that clearly identify all requirements and evaluation criteria, and award based on those criteria as set forth in the bidding documents. The organisation may also have provisions for acceptance of unsolicited approaches from potential suppliers to be pre-qualified.

The organisation's contract documents clearly define the contracting parties' rights and obligations.

The organisation's procurement policies and procedures also provide for publication of award of contract in appropriate cases.

The organisation's procurement policies and procedures ensure clear identification of authority to take procurement actions and accountability for such actions. The organisation's procurement policies and procedures and other applicable regulations, rules, and procedures, provide appropriate processes and structures for monitoring and evaluation of procurement actions and performance, and enable reporting of problems and complaints to officials with authority to address such problems based on appropriate mechanisms and in a timely manner and, where appropriate, provide for remedies.

The organisation's procurement policies and procedures do not prevent it from determining, through disclosure by potential contractors or vendors, whether a party to which it is considering issuing a contract is subject to any sanction or temporary suspension imposed by any organisation within the United Nations System including the World Bank.

COMPONENT 3: PROGRAMME OR PROJECT DESIGN OR PREPARATION,  
IMPLEMENTATION AND MONITORING

Programme or Project Preparation and Implementation

The organisation's programmes or projects are based on the organisation's mandate; are based on policies and procedures for programme and project design or preparation and implementation that are transparent and publicly available; are developed through a process that includes as appropriate participation by and consultation with relevant stakeholders including member government counterparts and others; are designed to avoid, mitigate, or minimize adverse environmental and social impacts; are based on a results-based approach or a similar conceptual approach; are focused on results; have objectives, indicators of achievement and assumptions that are clearly stated; have performance measures based on objectives that are specific, measurable, attainable, realistic and time-bound; include a monitoring and evaluation plan; and are subject to review and approval prior to implementation.

Reporting Arrangements

The organisation's programme or project reporting requirements include a narrative progress report as well as a financial progress report, including financial statements, covering the whole programme or project. The narrative progress report is required to include: a summary of the programme or project and the context within which the programme or project is implemented; the activities actually carried out during the reporting period; any challenges encountered and measures taken to overcome challenges; changes introduced in implementation, including changes in the budget; achievements and results of the programme or project with reference to identified indicators; and the work plan for the following period. The organisation requires such reports as frequently as is necessary to ensure the reports are useful

management tools and to provide meaningful reports and assessments of progress, achievements, and challenges.

### Monitoring and Evaluation Arrangements

The organisation's programme and project monitoring arrangements are designed to ensure frequent monitoring of the implementation of its programmes or projects to test for on-going progress and the achievement of outcomes as planned. The organisation's evaluation function (or its equivalent), while appointed by management, operates without interference or instruction by management and has access as it deems necessary to the member countries or shareholders. The organisation's evaluation function uses the appropriate evaluation methodology for the programme or project being evaluated, and options may include desk evaluations, in-depth evaluations, and evaluations conducted mid-term, terminal or ex-post.

#### COMPONENT 4: ADDRESSING FRAUD AND CORRUPTION

The organisation's officials are: subject to staff regulations, rules, procedures and administrative instructions that prohibit unethical conduct, fraud, and corruption; required, above an appropriate level of seniority and responsibility, to provide disclosure of financial interests so as to mitigate significantly the risk to the financial assets under the organisation's control; expected to conduct themselves in accordance with the organisation's code of conduct.

The organisation's regulations, rules, procedures and administrative practices provide for reasonable measures, consistent with its rules, procedures and administrative practices, to prevent and address any information that indicates the need for further scrutiny (including corrupt, fraudulent, coercive or collusive practices) in connection with its activities and operations.

The organisation has established mechanisms for significantly mitigating the risk of fraud and corruption in its activities and operations including a "hotline" to receive allegations of fraud or corruption; protection for whistleblowers against retaliation; and an internal investigations function that, while appointed by and reporting to management, operates without interference or instruction by management.

The organisation has appropriate mechanisms in place to exclude firms or individuals determined by it to have engaged in fraudulent or corrupt activities from participation in contracts with such organisation, whether indefinitely or for a specified duration; and is not prevented from giving due regard to similar decisions by other international organisations, including organisations that are signatories to this FPA.

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## ANNEX 2(a)

### Letterhead of Disbursing Organization

[DATE]

Mr./Ms. \_\_\_\_\_

[title]

[organization]

[CO – city]

[CO – country]

Re: [grant name and number]

Dear [ ]:

I am writing on behalf of the [International Bank for Reconstruction and Development] [and] [International Development Association] (the “World Bank” or the “Disbursing Organization”), as administrator of the [Multi-Donor] Trust Fund for [name of trust fund] (the “Trust Fund”) to indicate the Disbursing Organization’s agreement to make a grant in an amount not exceeding [amount in words] United States Dollars (US\$ [amount in figures]) (the “Grant”) to [name of UN Organization] (the “Receiving Organization”) for the benefit of [name of country] (the “Beneficiary”).

The Grant is made in accordance with instructions from the [name of governing mechanism] (the “Trust Fund Steering Committee”), which has authority to determine the allocation of funds in connection with the Trust Fund by virtue of an administration agreement and/or resolution(s) for the establishment of the Trust Fund. The Grant is made for the purposes and on the terms and conditions set forth in the annexes to this Agreement.

The Receiving Organization represents, by confirming its agreement below, that it is authorised to contract and withdraw the Grant for the said purposes and on the said terms and conditions, and the Receiving Organization makes this representation knowing that Disbursing Organization will rely on it for purposes of disbursing the Grant.

In light of the fact that both the Disbursing Organization and the Receiving Organization are signatories to the Fiduciary Principles Accord dated as of [ ] (the “FPA”), the funds transferred under this Grant will be received, administered, managed, expended, reported on, and audited, exclusively in accordance with the regulations, rules, procedures and administrative practices of the Receiving Organization, including those relating to its environmental, social and resettlement policies as well as those relating to direct and indirect costs (including indirect programme support costs) and interest, and will be subject to the terms of this Agreement. In this regard, it is understood that indirect costs of the Receiving

Organizations recovered through programme support costs will be 7% and that in accordance with the UN General Assembly resolution 62/208 (2007 Triennial Comprehensive Policy Review principle of full cost recovery), all other costs incurred by such Receiving Organization in carrying out the Activities under this Grant will be recovered as direct costs. It is also understood that the Financial Management Framework Agreement between the United Nations and the World Bank dated March 10, 2006, does not apply to the Grant.

Please note that, in accordance with the Disbursing Organization's policy on disclosure of information, the Disbursing Organization will make this Agreement publicly available after this Agreement has become effective and the Receiving Organization, by countersigning this Agreement, gives its consent to such disclosure, it being understood, however, that the Disbursing Organization will consult with the Receiving Organization regarding whether to disclose any information in Annex B to this Agreement that the Receiving Organization regards as sensitive.

Please confirm your agreement with the foregoing, on behalf of the Receiving Organization, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Disbursing Organization of the copy of this Agreement countersigned by you this Agreement will become effective as of the date of the countersignature.

Very truly yours,  
[full name of WB acting as disbursing organization]

By\_\_

AGREED ON BEHALF OF THE RECEIVING ORGANIZATION:

Name:

Title:

Date:

## ANNEX A

### **Purposes, Terms, and Conditions of the Grant**

#### 1. Purposes and Activities

- 1.1. The purpose of the Grant is to support the implementation of the \_\_\_\_\_ project (the “Project”) in accordance with the decision of the Trust Fund Steering Committee dated [ ]. A description of the Project (“Project Description”), including project outcomes and specific activities (the “Activities”) together with the Project budget approved by the Trust Fund Steering Committee (the “Project Budget”), are set out in the attached Annex B.

#### 2. Implementation Generally

##### 2.1. The Receiving Organization will:

- (a) carry out the Activities with due diligence and efficiency;
- (b) promptly provide the Grant funds, facilities, services and other resources required for that purpose;
- (c) take all reasonable steps to ensure that all goods and services financed out of the proceeds of the Grant will be used exclusively for the purposes of the Project;
- (d) exercise the same care in the administration of the Grant as it exercises in the administration of all other funds it administers (including in particular its own funds), having due regard for economy and efficiency and the need to uphold highest standards of integrity in the administration of public funds including the prevention of fraud and corruption, consistent with the standards reflected in the FPA;
- (e) implement the Activities in conformity with the agreed design, including with respect to the applicable environmental, social (including resettlement) arrangements for such implementation, it being understood that such implementation shall be subject to the application of the Receiving Organization’s own environmental and social policies and procedures;
- (f) provide the financial and programmatic reports referred to in Sections 5.3 and 6.2 below in a timely manner, and furnish all other information covering the Activities and the use of the proceeds of the Grant as the Disbursing Organization shall reasonably request that are both consistent with this Agreement and consistent with its role as the administrator of the Trust Fund;
- (g) notify the Disbursing Organization in writing of any substantial deviation from agreed plans or budgets in connection with the Activities as set out in Annex B, including as to their nature, content, sequencing, and duration, it being understood that

all changes to the budget that would result in an increase in the total amount of the Grant are subject to the approval of the Trust Fund Steering Committee; and

(h) if necessary, upon the Disbursing Organization's request, use its best efforts with the authorities of the Beneficiary to enable representatives of the Disbursing Organization and/or the Trust Fund Steering Committee to visit the territory where the Activities are being carried out for the purposes of this Agreement.

### 3. Procurement

3.1 The Receiving Organization will carry out procurement of goods, works and non-consulting services and selection of consultants in accordance with the provisions of the Receiving Organization's procurement policies, guidelines, methods and procedures and with the same care and diligence with which it undertakes all procurement, having due regard to economy and efficiency, transparency and the need to uphold the highest standards of integrity in the administration of public funds including the prevention of fraud and corruption, consistent with the standards reflected in the FPA.

3.2 (a) The Receiving Organization will require any party with which it has either a long-term arrangement or with which it intends to enter into a contract in connection with the Activities financed by the Grant to disclose whether it is subject to any sanction or temporary suspension imposed by any organization within the United Nations System including the organizations of the World Bank. The Receiving Organization will give due regard to any such sanctions or temporary suspensions, when issuing contracts in connection with the Activities.

(b) If the Receiving Organization proposes to issue a contract in connection with the Activities financed by the Grant to a party which has disclosed to the Receiving Organization that it is under sanction or temporary suspension by the Disbursing Organization, the following procedure will apply: (i) the Receiving Organization will so inform the Disbursing Organization, before signing such contract; (ii) the Disbursing Organization then may request direct consultations at a senior level between the Receiving Organization and the Disbursing Organization to discuss such decision; and (iii) the Disbursing Organization may thereafter inform the Receiving Organization by notice that funds disbursed to it under Section 4 of this Annex A may not be used to fund such contract.

(c) Any funds received by the Receiving Organization under this Agreement that were to be used to fund a contract in respect to which the Disbursing Organization has exercised its rights as set out in Section 3.2 (b) above shall be used to defray the amounts that may be requested by the Receiving Organization in any subsequent notice of withdrawal pursuant to Section 4.3 of this Annex A, or if no subsequent notice of withdrawal is made, such funds will be transferred by the Receiving Organization to the Disbursing Organization pursuant to Section 8.3 of this Annex A.

3.3 The Receiving Organization shall retain all documentation with respect to the Activities in accordance with Section 5.6 below and upon the Disbursing Organization's reasonable request, the Receiving Organization shall provide relevant information drawn from such

documentation to the Disbursing Organization. Should the Disbursing Organization identify any need for further clarification with respect to a particular transaction, the provisions of Section 7 of this Agreement will apply.

3.4 In the event that either the Receiving Organization or the Disbursing Organization becomes aware of factors that would indicate that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any procurement activities under the Grant, including during contract award process or contract implementation, the provisions of Section 7 of this Annex A will apply.

3.5 Unless self-insured, the Receiving Organization shall ensure that all imported goods to be financed out of the proceeds of the Grant shall be insured against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and that any indemnity for such insurance is payable in a freely usable currency to replace or repair such goods. The Receiving Organization shall ensure that any supplies and equipment procured using Grant funds are at all times operated and maintained in accordance with appropriate practices and that any repairs or renewals of such facilities are promptly made as needed.

3.6 Upon completion of the Activities, the Receiving Organization will deal with all equipment and materials financed out of the proceeds of the Grant in accordance with the provisions of the relevant provisions of the basic agreement between the Receiving Organization and the Beneficiary that governs the treatment of such equipment and materials or, if there is no relevant provisions, in accordance with the Receiving Organization's policies and usual practices and procedures and shall so advise the Beneficiary.

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4. Withdrawal of Grant Proceeds

4.1 Subject to the availability of funds in the Trust Fund, the Disbursing Organization will credit the proceeds of the Grant to an account opened by the Disbursing Organization on its books in the name of the Receiving Organization (the "Grant Account"), in line with the Project Budget set forth in Annex B, and as may be amended from time to time by the Trust Fund Steering Committee. The proceeds of the Grant may be withdrawn from the Grant Account by the Receiving Organization in accordance with the provisions of this Section 4. The Disbursing Organization will notify the Receiving Organization in writing as soon as any amount of the Grant has been credited to, and is available for disbursement from, the Grant Account.

4.2 The Receiving Organization will make withdrawals from the Grant Account by delivering to the Disbursing Organization a written notice of withdrawal, in line with the attached Annex B, and the Disbursing Organization will be entitled to rely upon such instructions. The notice of withdrawal must be signed on behalf of the Receiving Organization by official(s) designated by the Receiving Organization to sign such notices. The amounts set out in each notice of withdrawal will be disbursed to the bank account set out in section 4.3(b) of this Annex A unless the Disbursing Organization is otherwise notified in writing by the Receiving Organization.

4.3 (a) The Receiving Organization's first notice of withdrawal will cover projected expenditures for the Activities for the first nine (9) months of implementation, The Receiving Organization will deliver to the Disbursing Organization subsequent notices of withdrawal each six (6) months thereafter, and each such notice will cover an amount representing the Recipient's good faith projection of the expenditures for the Activities for the following nine (9) months, reconciling against amounts previously withdrawn and against the Project Budget.

(b) The Disbursing Organization will disburse to the Receiving Organization the full amount requested in each notice of withdrawal and will do so (i) by wire transfer in the currency of the Grant; (ii) within five (5) working days of receiving a notice of withdrawal; and (iii) to the following bank account or such other bank account as the Receiving Organization may nominate and notify in writing to the Disbursing Organization.

[ ]

When making such disbursements the Disbursing Organization will notify the Receiving Organization's chief financial manager, by fax ([fax #]) or by e-mail ([email details]), of the following: (i) the amount transferred; (ii) the value date of the transfer; (iii) that the transfer is from the Disbursing Organization's Grant Account for [*grant name and number*]; and (iv) the date of the notice of withdrawal to which the disbursement relates.

(c) The Receiving Organization will not make any commitments and/or file notices of withdrawal for amounts that exceed the Project Budget, unless the increase or reallocations within the Project Budget have been specifically authorized by the Trust Fund Steering Committee.

4.4 Withdrawals will be made only in the currency of the Grant.

4.5 Notwithstanding the provisions of Section 4.2 above:

(a) No withdrawals may be made from the Grant Account: (i) for payments made for expenditures prior to the date of signature of this Agreement by the Receiving Organization [, except that withdrawals in an aggregate amount not exceeding \$\_\_\_\_ equivalent may be made for payments made prior to this date but on or after [*insert retroactive financing date*]]<sup>1</sup>; (ii) on account of payments for any taxes unless the Receiving Organization is required to make payment for such taxes; or (iii) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

(b) The Receiving Organization may withdraw amounts of the Grant only to the extent that such amounts are available to the Disbursing Organization from the Trust Fund for the purposes of the Grant, it being understood that the Receiving Organization shall not be required to initiate or continue implementation of the Activities (including

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<sup>1</sup> Use bracketed text if retroactive financing is allowed and approved by the Trust Fund Steering Committee for the programme/project.

implementation using any amounts then already withdrawn from the Grant Account where the Receiving Organization determines that suspension of implementation is appropriate) while any amounts set out in a written notice of withdrawal from the Grant Account is unpaid.

(c) No withdrawals may be made from the Grant Account after \_\_\_\_\_ or such other date as may be approved by the Trust Fund Steering Committee (the “Closing Date”).

4.6 Following the Closing Date, and subject to the provisions of Section 4.5 above, the Receiving Organization will promptly reconcile the amounts withdrawn from the Grant Account against the amounts expended for the implementation of the Activities and refund to the Disbursing Organization any amounts not expended to finance the implementation of the Activities in accordance with Section 8.3 of this Annex A.

## 5. Accounts and Audits

5.1 The Receiving Organization will maintain or cause to be maintained a financial management system, including records and accounts, adequate to reflect the transactions related to the Activities, in accordance with the requirements of the relevant Financial Regulations and Rules of the Receiving Organization (the “Financial Regulations”).

5.2 The Receiving Organization will maintain in a separate ledger account in its records (the “Grant Control Account”) a complete, true and fair record of all disbursements to it from the Grant Account and all expenditures using the funds so disbursed to it.

5.3 During the term of this Agreement:

(a) The Receiving Organization shall prepare, on a six-monthly basis or more frequently should the Trust Fund Steering Committee, the Receiving Organization and the Disbursing Organization agree, interim unaudited financial reports, in accordance with accounting standards established pursuant to the Financial Regulations and in the format agreed with the Disbursing Organization, adequate to reflect the expenditures related to the Grant. The first interim unaudited financial reports will be provided to the Disbursing Organization no later than forty-five (45) days after the end of the first six-months period after the effectiveness of this Agreement, and will cover the period from the incurring of the first expenditure under the Grant through the end of such first six-months period; thereafter, each interim unaudited financial report will be provided to the Disbursing Organization no later than forty-five (45) days after the end of each subsequent six-months period, and will cover such six-months period.

(b) The Receiving Organization will provide the Disbursing Organization with an annual financial statement of account certified by the Receiving Organization’s chief financial officer, showing income and the expenditure as of 31 December each year with respect to the Grant. Such financial statement of accounts will be provided within six (6) months after the closure of the Receiving Organization’s accounts for the year to which the annual financial statement relates. This financial statement will be in United

States dollars. The exchange rate used for converting expenditures in other currencies will be the UN Operational Rate of Exchange in effect on the date the expenditure was made.

5.4 The Grant Control Account will be subject exclusively to the internal and external audit arrangements applicable to the Receiving Organization as set out in the Financial Regulations. The Parties will make their externally-audited financial statements and accompanying reports of their external auditors on their financial statements available to all other signatories to the FPA in accordance with Article 2(b)(II) of the FPA.

5.5 In the event that either the Receiving Organization or the Disbursing Organization becomes aware of factors that would indicate the need for further scrutiny of the implementation of Activities or any Grant expenditures (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to such Activities) the provisions of Section 7 of this Annex A will apply.

5.6 The Receiving Organization will retain all records evidencing all expenditures in respect of which withdrawals from the Grant Account were made, in accordance with its regulations, rules, policies and procedures relating to retention of records.

## 6. Monitoring and Evaluation; Programme Reporting

6.1 The Receiving Organization will monitor and evaluate implementation of the Activities in accordance with its applicable rules, regulations, policies and procedures, consistent with the standards reflected in the FPA.

6.2 The Receiving Organization will, at the same time it provides the semi-annual interim unaudited financial reports referred to in Section 5.3 (a) above (or at such other times as may be agreed between the Receiving Organization and the Trust Fund Steering Committee), provide to the Disbursing Organization, narrative progress reports on the impact of the Activities and progress towards achieving the identified outcomes for the Activities during the period to which such report relates.

6.3 The Disbursing Organization, in its capacity as administrator of the Trust Fund, will consolidate all reports provided by the Receiving Organization with relevant reports issued by other recipients of grants under this Trust Fund (including financial and narrative statements and reports) and furnish them to the Trust Fund Steering Committee in accordance with the timetable established by the Trust Fund Steering Committee, it being understood that the Disbursing Organization's consolidation of the reports is not intended to confirm the Receiving Organization's use of any Grant proceeds made hereunder, or to implement or supervise the Activities financed by the Grant.

## 7. Further Assurances; Consultation; Suspension and Termination of Withdrawals

7.1 In fulfillment of the undertakings of the Receiving Organization under Article 2(b)(I) of the FPA:

(a) In the event that the Receiving Organization or the Disbursing Organization becomes aware of information that indicates the need for further scrutiny of the implementation of Activities or any Grant expenditures (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to such Activities) the entity that has become aware of such factors shall promptly notify the other.

(b) This information will be brought promptly to the attention of the appropriate official or officials of the Receiving Organization and to the attention of the Trust Fund Steering Committee.

(c) Following consultation between the Receiving Organization, the Disbursing Organization, and the Trust Fund Steering Committee, the Receiving Organization will, to the extent the information relates to actions within the authority or accountability of the Receiving Organization, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information. For greater clarity on this matter the Parties agree and acknowledge that the Receiving Organization has no authority and accordingly shall have no responsibility to investigate any Government official or officials or consultants of the Disbursing Organization.

(d) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of the Receiving Organization, the Receiving Organization will take timely and appropriate action in response to the findings of such investigation, in accordance with the Receiving Organization's accountability and oversight framework and established procedures, including its Financial Regulations and Rules, where applicable. It is agreed and understood that such action may include, where the Receiving Organization concludes it is appropriate, the invoking and enforcement of the Receiving Organization's contractual rights against third parties.

(e) To the extent consistent with the Receiving Organization's oversight framework and established procedures, it will keep the Disbursing Organization and the Trust Fund Steering Committee regularly informed by agreed means of actions taken pursuant to Section 7.1(d) and the results of the implementation of such actions, including where relevant, details of any recovery of funds or writing-off of losses. The Receiving Organization will use its best efforts, consistent with its regulations rules policies and procedure to recover any funds misused. The Receiving Organization will, in consultation with Disbursing Organization and the Trust Fund Steering Committee, credit any funds so recovered to the Grant Account or agree with them to use these funds for a purpose mutually agreed upon.

7.2 In the event that the Disbursing Organization reasonably believes that timely and appropriate action has not been taken, it may request direct consultations at a senior level between the Disbursing Organization and the Receiving Organization (in consultation with the

Steering Committee) in order to obtain assurances that the Receiving Organization's oversight and accountability mechanisms have been and are being fully applied in connection with such allegations. The Parties take note of the provisions of Article VIII of the United Nations Financial Regulations and Rules on external audit [and its analogous provisions in the financial regulations and rules of the Special Agencies].

7.3. The Disbursing Organization may, following consultation with the Receiving Organization and the Trust Fund Steering Committee, by notice to the Receiving Organization with a copy to the Trust Fund Steering Committee, suspend the right of the Receiving Organization to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing:

- (a) The Receiving Organization substantially deviates from agreed plans and budgets without prior approval of the Trust Fund Steering Committee and/or fails, without justification, materially to fulfill any of its substantive obligations pursuant to this Agreement, including its reporting obligations, and, after being given notice by letter to comply with those obligations, still fails to do so and fails to furnish a satisfactory explanation within thirty (30) days of receipt of the letter;
- (b) The Disbursing Organization reasonably believes the actions taken by the Receiving Organization under Section 7.1 have not been sufficient to fulfill its fiduciary obligation with respect to the funds constituting the Grant; or
- (c) The Receiving Organization has withdrawn or was deemed to have withdrawn from the FPA in accordance with Article 2(b)(IV) or Article 5 of the FPA.

7.4. The Disbursing Organization may, upon giving thirty (30) days' written notice to the Receiving Organization with a copy to the Trust Fund Steering Committee, terminate the right of the Receiving Organization to make further withdrawals from the Grant Account at any time after the right of the Receiving Organization to make withdrawals of the Grant Account has been suspended pursuant to the provisions of Section 7.3 above.

7.5 For the purposes of this Agreement, the following definitions shall apply:

- (a) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (b) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- (c) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(d) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

8. Term and Termination

8.1 This Agreement will come into operation, effective as of the date the Receiving Organization countersigns the Agreement, as soon as the Disbursing Organization receives a copy of this Agreement countersigned by the Receiving Organization.

8.2 This Agreement will expire on completion of the Activities; provided however that the Receiving Organization may terminate it before that time by giving thirty (30) days’ notice to the Disbursing Organization, with a copy to the chair of the Trust Fund Steering Committee (a) if the Disbursing Organization exercises its rights under Section 7.4 above, or (b) for any reason.

8.3 Upon expiry or termination of this Agreement, the Receiving Organization will consult with the Trust Fund Steering Committee and the Disbursing Organization as to the proper use of any funds remaining unexpended in the Grant Control Account following satisfaction of outstanding commitments and liabilities. Upon termination of this Agreement prior to the completion of the Activities the Parties will fully cooperate with each other to put in place arrangements for the completion of the Activities.

9. Privileges and Immunities; Dispute Resolution

9.1. Nothing in or related to this Agreement shall be or be construed to be a waiver, express or implied, of the privileges and immunities of either the Disbursing Organization or the Receiving Organization.

9.2 This Agreement shall be interpreted in a manner that is consistent with any applicable basic texts and conventions on privileges and immunities to which the Receiving Organization or the Disbursing Organization is a party.

9.3 The Parties shall use their best efforts to amicably resolve any dispute, controversy, or claim arising out of or relating to this Agreement and in the event that it is not thus resolved, it shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules.

10. Notices

10.1 Any notice or request required or permitted to be given under this Agreement shall be given in writing. All notices given under this Agreement will be copied to the head of the Trust Fund Steering Committee.

10.2 The following addresses are specified for purposes of this Agreement:

For the Disbursing Organization:

[       ]

with a copy to:

[chief financial officer]

For the Receiving Organization:

[       ]

with a copy to:

[chief financial officer]

## **ANNEX B**

### **Project Description and Budget**

#### **1. Project Description**

1.1. The objective of the Project is to: \_\_\_\_\_

1.2. The expected outcomes and activities financed by this Grant (Activities) are as follows:

[Describe project activities and expected outcomes, including targets for monitoring their progress]]

#### **2. Project Budget**

## **ANNEX 2(b)**

### **STANDARD MEMORANDUM OF UNDERSTANDING (MOU) FOR MULTI-DONOR TRUST FUNDS USING PASS-THROUGH FUND MANAGEMENT WITH WORLD BANK PARTICIPATION<sup>2</sup>**

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<sup>2</sup> This Standard Memorandum of Understanding has been agreed upon by the members of the United Nations Development Group (UNDG). Any substantial modification to the Memorandum of Understanding requires the prior written agreement of the Participating Organizations and the Administrative Agent of the particular MDTF, with notice to the Fiduciary Management Oversight Group and the UN Development Operations Coordination Office (DOCO).

**Memorandum of Understanding**  
**between**  
**the Organizations signing this MOU, on the one hand,<sup>3</sup>**  
**and**  
**[Name of the Administrative Agent, on the other hand]**  
**regarding the Operational Aspects of a**  
**[Name of Multi-Donor Trust Fund] in [name of country]**

**WHEREAS**, the Organizations signing this Memorandum of Understanding (hereinafter referred to collectively as the “Participating Organizations”) have developed a [name of Multi-Donor Trust Fund] starting on [start date] and ending on [end date] (hereinafter referred to as the “Fund”) as part of their respective humanitarian assistance in [name of country] or development cooperation with the Government of [name of country] (if applicable), as more fully described in the [Terms of Reference of the Multi-Donor Trust Fund [reference no. of document], as may be amended from time to time (hereinafter referred to as the “Fund TORs”<sup>4</sup>), a copy of which is attached hereto as ANNEX A, and have agreed to establish a coordination mechanism<sup>5</sup> (hereinafter referred to as the “Steering Committee”)<sup>6</sup> to facilitate the effective and efficient collaboration between the Participating Organizations and the host Government (if applicable) for the implementation of the Fund;

**WHEREAS**, the Participating Organizations have agreed that they should adopt a coordinated approach to collaboration with donors who wish to support the implementation of the Fund and have agreed to use the Fund TORs as the basis for mobilising resources for the Fund, and have further agreed that they should offer donors the opportunity to contribute to the Fund and receive reports on the Fund through a single channel;

**WHEREAS**, the Participating Organizations have further agreed to ask [name of the Administrative Agent] (which is also a Participating Organization in connection with this Fund)<sup>7</sup> to serve as the administrative interface between the donors and the Participating Organizations and for these purposes [name of Administrative Agent] has agreed to do so in accordance with this Memorandum of Understanding; and

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<sup>3</sup> As indicated in Section XII.

<sup>4</sup> The Fund TORs will be used as a base document for the establishment of the Fund.

<sup>5</sup> The Participating Organizations will decide in advance what is the most appropriate coordination mechanism, for example a theme group, steering committee, management committee etc. For ease of reference, this mechanism is referred to as the “Steering Committee” in this document.

<sup>6</sup> The composition of the Steering Committee or other body will include all of the signatories to this MoU, representatives from the host government (if applicable) and may also include donors in accordance with the UNDG-approved Generic MDTF Steering Committee Terms of Reference, dated 20 September 2007.

<sup>7</sup> In most cases the Administrative Agent will also be a Participating Organization. However, where the Administrative Agent is not a Participating Organization, this provision can be deleted.

**WHEREAS**, the World Bank, which is a Participating Organization, is a signatory to the Fiduciary Principles Accord, effective as of [effective date of FPA].

**NOW, THEREFORE**, the Participating Organizations and the [name of Administrative Agent] (hereinafter referred to collectively as the “Participants”) hereby agree as follows:

## **Section I**

### **Appointment of Administrative Agent; its Status, Duties and Fee**

1. The Participating Organizations hereby appoint [name of Administrative Agent] (hereinafter referred to as the “Administrative Agent”) to serve as their Administrative Agent in connection with the Fund, in accordance with the terms and conditions set out in this Memorandum of Understanding. The Administrative Agent accepts this appointment on the understanding that the Participating Organizations assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. This appointment will continue until it expires, or is terminated, in accordance with Section VIII below.
  
2. On behalf of the Participating Organizations, the Administrative Agent will:
  - (a) Receive contributions from donors that wish to provide financial support to the Fund;
  - (b) Administer such funds received, in accordance with this Memorandum of Understanding including the provisions relating to winding up the Fund Account and related matters and the provisions of the Standard Administrative Arrangement between the donors and the Administrative Agent;
  - (c) Subject to availability of funds, disburse such funds to each of the Participating Organizations in accordance with instructions from the Steering Committee;
  - (d) Consolidate statements and reports, based on statements and reports provided to the Administrative Agent by each Participating Organization, as set forth in the Fund TORs and provide these to each donor that has contributed to the Fund Account and to the Steering Committee;
  - (e) Provide final reporting, including notification that the Fund has been fully expended or has been wound up in accordance with the Fund TORs, in accordance with Section IV below;

- (f) Disburse additional funds to any Participating Organization for any costs of a task that the Steering Committee may decide to allocate to such Participating Organization (as referred to in Section I, Paragraph 3) in accordance with Fund TORs, as agreed by the concerned Participating Organization.
3. The Steering Committee may request any of the Participating Organizations to perform additional tasks in support of the Fund not related to the Administrative Agent functions detailed in Section I, Paragraph 2 above and subject to the availability of funds, as agreed by the concerned Participating Organization. Costs for such tasks will be agreed in advance and with the approval of the Steering Committee be paid from the Fund.
4. The Administrative Agent will enter into a Standard Administrative Arrangement, in the form attached hereto as ANNEX B (hereinafter referred to as an “Administrative Arrangement”), with each donor that wishes to provide financial support to the Fund through the Administrative Agent. The Administrative Agent will not agree with the donors to amend the terms of Annex B without prior written agreement of the Participating Organizations. The Administrative Agent will ensure the posting of a copy of each Administrative Arrangement it enters into, as well as information on donor contributions, on the website of the Administrative Agent ([website URL]), and will arrange for posting of such information on the website of the UN in [country] ([website URL]), as appropriate.
5. None of the Participating Organizations will be responsible for the acts or omissions of the Administrative Agent or its personnel, or of persons performing services on its behalf, except in regard to the Participating Organization’s respective contributory acts or omissions. With respect to contributory acts or omissions of the Participating Organizations, the resulting responsibility will be apportioned among them or any one of them to the extent of such contributory acts or omissions, or as may otherwise be agreed. The Participants acknowledge that donors will not be directly responsible for the activities of any person employed by the Participating Organizations or the Administrative Agent as a result of this Memorandum of Understanding.
6. The Administrative Agent will be entitled to allocate an administrative fee of one percent (1%) of the amount contributed by each donor signing an Administrative Arrangement, to meet the Administrative Agent’s costs of performing the Administrative Agent’s functions described in this Memorandum of Understanding.
7. Where the Administrative Agent is also a Participating Organization, a clear delineation, including distinct reporting lines and an accountability framework, will be established and maintained within the organization designated as the Administrative Agent between its functions as an Administrative Agent and its functions as a Participating Organization.

## **Section II**

### **Financial Matters**

#### The Administrative Agent

1. The Administrative Agent will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received pursuant to signed Administrative Arrangements (hereinafter, the “Fund Account”). The Fund Account will be administered by the Administrative Agent in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest. The Fund Account will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the Administrative Agent.
2. The Administrative Agent will not absorb gains or losses on currency exchanges. Such amounts will increase or decrease the funds available for disbursements to Participating Organizations.
3. Subject to the availability of funds, the Administrative Agent will make disbursements from the Fund Account based on instructions from the Steering Committee, in line with the budget set forth in the programmatic document approved by the Steering Committee and as amended from time to time with the agreement of the Steering Committee. The disbursements will consist of direct and indirect costs as set out in the budget.
4. The Administrative Agent will normally make each disbursement within three (3) to five (5) business days after receipt of disbursement instructions from the Steering Committee reflected in the relevant approved programmatic document<sup>8</sup> signed by all the parties concerned. The Administrative Agent will transfer funds to each Participating Organization through wire transfer. Each Participating Organization will advise the Administrative Agent in writing of the bank account for transfers pursuant to this Memorandum of Understanding. When making a transfer to a Participating Organization, the Administrative Agent will notify that Participating Organization’s Treasury Operations or other person/unit designated by the Participating Organization of the following: (a) the amount transferred, (b) the value date of the transfer; and (c) that the transfer is from the [name of Administrative Agent] in respect of the Fund in [name of country] (if applicable) pursuant to this Memorandum of Understanding.
5. Where the balance in the Fund Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Steering Committee and make a disbursement, if any, in accordance with the Steering Committee’s instructions.

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<sup>8</sup> As used in this document, an approved programmatic document refers to an annual work plan or a programme/project document, a project proposal, etc., which is approved by the Steering Committee for fund allocation purposes.

## The Participating Organizations

6. Each Participating Organization will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the Fund Account. That separate ledger account will be administered by each Participating Organization in accordance with its own regulations, rules, directives and procedures, including those relating to interest. That separate ledger account will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the Participating Organization concerned.

7. Each Participating Organization will use the funds disbursed to it by the Administrative Agent from the Fund Account to carry out the activities for which it is responsible as set out in the approved programmatic document, as well as for its indirect costs. The Participating Organizations will commence and continue to conduct operations for the programme activities only upon receipt of disbursements as instructed by the Steering Committee. The Participating Organizations will not make any commitments above the approved budget in the approved programmatic document, as amended from time to time by the Steering Committee. If there is a need to exceed the budgeted amount, the Participating Organization concerned will submit a supplementary budget request to the Steering Committee.

8. Except in the case of the World Bank, which shall recover its indirect costs pursuant to its policy on trust fund fees, indirect costs of the Participating Organizations shall be recovered through programme support costs equal to seven percent (7%) of the amount disbursed to such Participating Organization. In accordance with the UN General Assembly resolution 62/208 (“2007 Triennial Comprehensive Policy Review principle of full cost recovery”), all other costs incurred by such Participating Organization in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

### **Section III** **Activities of the Participating Organizations**

1. The implementation of programme activities approved by the Steering Committee and funded from the Fund will be the responsibility of the Participating Organizations and will be carried out by each Participating Organization in accordance with its applicable regulations, rules, directives and procedures. The Participating Organizations will be responsible only for performing those functions specifically set forth in this Memorandum of Understanding and the relevant programmatic document, and will not be subject to any other duties or responsibilities to the donor or to the Administrative Agent, except for such tasks as may be accepted by a Participating Organization pursuant to the provisions of Section I, paragraph 3 of this Memorandum of Understanding. On the termination or expiration of this Memorandum of Understanding, the matter of

ownership of supplies and equipment will be determined in accordance with the regulations, rules, directives and procedures applicable to such Participating Organizations, including, where applicable, any agreement with the relevant host Government (if applicable).

2. Any modifications to scope of the approved programmatic document, including as to the nature, content, sequencing or the duration of programme activities, will be subject to mutual agreement in writing between the relevant Participating Organization and the Steering Committee, and reflected in a revised programmatic document. If there is a need to change the approved programmatic document, the Participating Organization will promptly notify the Steering Committee and seek its approval. Once approved, the Steering Committee will inform the Administrative Agent of any change in the budget as set out in the approved programmatic document.

3. Where a Participating Organization wishes to carry out its approved programme activities through or in collaboration with a third party, it will be responsible for discharging all commitments and obligations with such third parties, and no other Participating Organization, nor the Administrative Agent, will be responsible for doing so.

4. In carrying out the approved programme activities, none of the Participating Organizations will be considered as an agent of any of the others and, thus, the personnel of one will not be considered as staff members, personnel or agents of any of the others. Without restricting the generality of the preceding sentence, none of the Participating Organizations will be liable for the acts or omissions of the other Participating Organizations or their personnel, or of persons performing services on their behalf.

5. Each Participating Organization will advise the Administrative Agent in writing when all activities for which it is responsible under the approved programmatic document have been completed.

6. (a) The Participating Organizations recognize that under the Administrative Arrangement the donors contributing to the Fund reserve the right to discontinue future contributions if reporting obligations are not met as set forth in the Administrative Arrangement or if there are substantial deviations from agreed plans and budgets not approved by the Steering Committee. If it is agreed among donors(s), the Administrative Agent and a particular Participating Organization that there is evidence of improper use of funds by that Participating Organization, that Participating Organization will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. That Participating Organization will, in consultation with the Steering Committee and the Administrative Agent, credit any funds so recovered to the Fund or agree with the Steering Committee to use these funds for a purpose mutually agreed upon. In accordance with the Administrative Arrangement, before withholding future contributions or requesting recovery of funds and credit to the Fund Account, the donors will consult with the concerned Participating Organization and the Administrative Agent with a view to promptly resolving the matter.

(b) The provisions of Section III, paragraph 6(a) above do not apply to the World Bank. In the case of the World Bank, when World Bank management determines that in the expenditure of the monies received from the Fund Account there has been a substantive departure from the purpose for which the monies were received, and that this departure falls within the World Bank's exercise of its responsibilities, the World Bank will reimburse the Fund Account for the expenditure covered by that substantive departure.

7. The Participating Organizations recognize that it is important to take all necessary precautions to avoid corrupt, fraudulent, collusive or coercive practices. To this end, each Participating Organization will maintain standards of conduct that govern the performance of their staff, including the prohibition of corrupt, fraudulent, collusive or coercive practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in their Staff Regulations and Rules and Financial Regulations and Rules, including regarding procurement. In the event that a Participating Organization determines that an allegation in relation to the implementation of activities – including that corrupt, fraudulent, collusive or coercive practices may have taken place related to the Fund -- is credible enough to warrant an investigation, it will promptly notify the Steering Committee and the Administrative Agent, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with in accordance with the Participating Organization's accountability and oversight framework and by the Participating Organization's unit in charge of investigations. Upon completion of the investigation, the Participating Organization will inform the Steering Committee and the Administrative Agent about the results of the investigation to the extent consistent with the Participating Organization's policies, rules and procedures.

8. As an exceptional measure, particularly during the start up phase of the Fund, subject to conformity with their financial regulations, rules and directives, Participating Organizations may elect to start implementation of programme activities in advance of receipt of initial or subsequent transfers from the Fund Account by using their own resources. Such advance activities will be undertaken in agreement with the Steering Committee on the basis of funds it has allocated or approved for implementation by the particular Participating Organization following receipt by the Administrative Agent of an official commitment form or signature of the Administrative Arrangements by donors contributing to the Fund. Participating Organizations will be solely responsible for decisions to initiate such advance activities or other activities outside the parameters set forth above.

#### **Section IV** **Reporting**

1. Each Participating Organization will provide the Administrative Agent with the following statements and reports prepared in accordance with the accounting and reporting procedures applicable to the Participating Organization concerned, as set forth

in the Fund TORs. The Participating Organizations will endeavour to harmonize their reporting formats to the extent possible.

- (a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;
- (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Fund Account, to be provided no later than four months (30 April) after the end of the calendar year, it being understood that the World Bank will fulfil this obligation by providing the Administrative Agent with access to its current financial information relating to funds disbursed to it from the Fund Account via the World Bank Group's Trust Funds Donor Center secure website;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than four months (30 April) of the year following the financial closing of the Fund. The final report will give a summary of results and achievements compared to the goals and objectives of the Fund; and
- (d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the Fund, it being understood that the World Bank will fulfil this obligation by providing the Administrative Agent with access to its current financial information relating to total funds disbursed to it from the Fund Account as of completion of activities via the World Bank Group's Trust Funds Donor Center secure website.

2. The Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in paragraph 1 (a) to (d) above, and will provide those consolidated reports to each donor that has contributed to the Fund Account, as well as the Steering Committee, in accordance with the timetable established in the Administrative Arrangement.

3. The Administrative Agent will also provide the donors, Steering Committee and Participating Organizations with the following statements on its activities as Administrative Agent:

- (a) Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year; and

- (b) Certified final financial statement (“Source and Use of Funds”) to be provided no later than seven months (31 July) of the year following the financial closing of the Fund.
4. Consolidated reports and related documents will be posted on the websites of the UN in [country] ([website URL]) and the Administrative Agent ([website URL]).

## **Section V**

### **Monitoring and Evaluation**

1. Monitoring and evaluation of activities under the Fund will be undertaken in accordance with the provisions contained in the Fund TORs, which are consistent with the respective regulations, rules and procedures of the Participating Organizations.
2. The donor(s), the Administrative Agent, the Steering Committee and the Participating Organizations will hold annual consultations, as appropriate, to review the status of the Fund.

## **Section VI**

### **Audit**

1. The Administrative Agent and Participating Organizations will be audited in accordance with their own financial regulations and rules.
2. Except as set out in paragraph 3 below, the Internal Audit Service (IAS) of each Participating Organization will prepare a summary of the internal audit reports on activities related to the Fund at intervals agreed between the IAS of the Participating Organizations and of the Administrative Agent. The IAS of each Participating Organization will share its summary with its Representative in the [country name] Country Office, who will then share it with the Steering Committee.
3. The provisions of Section VI, paragraph 2 above do not apply to the World Bank. In the case of the World Bank, within six (6) months following the end of each World Bank fiscal year, the World Bank will provide to the Administrative Agent a management assertion together with an attestation from the World Bank’s auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The cost of such attestation will be borne by the World Bank.

## **Section VII**

### **Joint Communication**

1. Each Participating Organization will take appropriate measures to publicize the Fund and to give due credit to the other Participating Organizations. Information given to the press, to the beneficiaries of the Fund, all related publicity material, official

notices, reports and publications, will acknowledge the role of the host Government, the donors, the Participating Organizations, the Administrative Agent and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and national partner in all external communications relating to the Fund.

2. The Administrative Agent in consultation with the Participating Organizations will ensure that decisions regarding the review and approval of the Fund as well as periodic reports on the progress of implementation of the Fund, associated external evaluation are posted, where appropriate, for public information on the websites of the Participating Organizations in [country] ([website URL]) and the Administrative Agent ([website URL]). Such reports and documents may include Steering Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

### **Section VIII** **Expiration, Modification and Termination**

1. This Memorandum of Understanding will expire upon winding up of the Fund, subject to the continuance in force of paragraph 5 below for the purposes therein stated.

2. This Memorandum of Understanding may be modified only by written agreement between all Participants.

3. Any of the Participating Organizations may withdraw from this Memorandum of Understanding upon giving thirty (30) days' written notice to all other Participants to this Memorandum of Understanding subject to the continuance in force of paragraph 5 below for the purpose therein stated.

4. The Administrative Agent's appointment may be terminated by the Administrative Agent (on the one hand) or by the mutual agreement of all Participating Organizations (on the other hand) on thirty (30) days' written notice to the other party, subject to the continuance in force of paragraph 5 below for the purpose therein stated. In the event of such termination, the Participants will agree on measures to bring all activities to an orderly and prompt conclusion so as to minimize costs and expense.

5. Commitments assumed by the withdrawing or terminating Participants under this Memorandum of Understanding will survive the expiration or termination of this Memorandum of Understanding or the termination of the Administrative Agent or withdrawal of a Participating Organization to the extent necessary to permit the orderly conclusion of the activities and the completion of final reports, the withdrawal of personnel, funds and property, the settlement of accounts between the Participants hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the Fund Account or in the individual Participating Organizations' separate ledger accounts upon completion

of the Fund will be used for a purpose mutually agreed upon or returned to the donor(s) in proportion to their contribution to the Fund as agreed upon by the donors and the Steering Committee.

**Section IX**  
**Notices**

1. Any action required or permitted to be taken under this Memorandum of Understanding may be taken on behalf of the Administrative Agent, or his or her designated representative, and on behalf of a Participating Organization by the head of office in [name of country] (if applicable), or his or her designated representative, or by the contacts listed below in ANNEX C to this Memorandum of Understanding or at such other address as the Participating Organization giving such notice or making such request will have specified in writing to the other Participants.

2. Any notice or request required or permitted to be given or made in this Memorandum of Understanding will be in writing. Such notice or request will be deemed to be duly given or made when it will have been delivered by hand, mail or any other agreed means of communication to the party to which it is required to be given or made, at such party's address specified in ANNEX C to this Memorandum of Understanding or at such other address as the party will have specified in writing to the party giving such notice or making such request.

**Section X**  
**Entry into Effect**

This Memorandum of Understanding will come into effect upon signature by authorized officials of the Participants and will continue in full force and effect until it is expired or terminated.

**Section XI**  
**Settlement of Disputes; Privileges and Immunities**

1. The Participants will use their best efforts to promptly settle through direct negotiations any dispute, controversy or claim arising out of or in connection with this Memorandum of Understanding or any breach thereof. Any such dispute, controversy or claim which is not settled within sixty (60) days from the date either party has notified the other party of the nature of the dispute, controversy or claim and of the measures which should be taken to rectify it, will be resolved through consultation between the Executive Heads of each of the Participating Organizations and of the Administrative Agent.

2. Nothing in this Memorandum of Understanding will be considered a waiver of any privileges and immunities of the Participating Organizations, all of which are expressly reserved.

**IN WITNESS WHEREOF**, the undersigned,<sup>9</sup> duly authorized representatives of the respective Participants, have signed this Memorandum of Understanding in English in [number of signatories] copies.

*For the Administrative Agent*

*For Participating Organization [name]*

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Place: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Place: \_\_\_\_\_  
Date: \_\_\_\_\_

*For Participating Organization [name]*

*For Participating Organization [name]*

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Place: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Place: \_\_\_\_\_  
Date: \_\_\_\_\_

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ANNEX A: Fund ToRs

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ANNEX B: Standard Administrative Arrangement between the Donor and the Administrative Agent

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ANNEX C: Notices addresses

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\_\_\_\_\_

<sup>9</sup> Additional signatories can be included through addendum

ANNEX C

NOTICES

*For the Administrative Agent:*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Electronic mail: \_\_\_\_\_

*For Participating Organization [name]*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Electronic mail: \_\_\_\_\_

*For Participating Organization [name]*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Electronic mail: \_\_\_\_\_

*For Participating Organization [name]*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Electronic mail: \_\_\_\_\_

*For Participating Organization [name]*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Electronic mail: \_\_\_\_\_