

**Letter of Agreement
between
[Name of Donor]
and
the United Nations Development Programme**

WHEREAS, the UN organizations who have signed a Memorandum of Understanding with UNDP regarding the Operational Aspects of the UNDG Iraq Trust Fund dated 30 January 2004 (hereinafter referred to collectively as the “Participating UN Organizations”) have agreed to support the reconstruction and development of Iraq, within the framework of a priority programme developed in consultation with the Iraqi interim administration and based on the UN/WB/IMF Needs Assessment presented in Madrid on October 24, 2003 (hereinafter “Needs Assessment”);

WHEREAS, the Participating UN Organizations have agreed that they should make it possible for donors to fund the Projects involved (hereinafter referred to as the “Projects”), approved by the appropriate Iraqi authorities, through the channel of the United Nations Development Group (hereinafter “UNDG”) Iraq Trust Fund (hereinafter referred to as the “Fund”) as part of the International Reconstruction Fund Facility for Iraq (hereinafter referred to as the “Facility”);

WHEREAS, the Participating UN Organizations have agreed that the Projects and the operations of the Fund would be designed and implemented in accordance with the Facility and Fund terms of reference (hereinafter “Terms of Reference”) attached hereto as Annex 1, and under the overall oversight and coordination of the UNG Iraq Trust Fund Steering Committee (hereinafter “Trust Fund Steering Committee”);

WHEREAS, the Participating UN Organizations have further agreed that the United Nations Development Programme (UNDP) (which is also a Participating UN Organization) should serve as their administrative interface with donors in connection with the Fund and to that end the Administrative Agent has established a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from donors who wish to provide financial support to the Fund; and

WHEREAS, [Name of Donor] (hereinafter referred to as the “Donor”) wishes to provide financial support to the Fund on the basis of the Needs Assessment and the Terms of Reference and wishes to do so through the Administrative Agent as proposed by the Participating UN Organizations.

NOW, THEREFORE, the Administrative Agent and the Donor (hereinafter referred to collectively as the “Parties”) hereby agree as follows:

Article I

Disbursement of funds to the Administrative Agent and the UNDG ITF Account

1. The Donor agrees to make a contribution of **[amount in words]** (**[amount in figures]**) and such further amounts as it may decide (hereinafter referred to as the “Contribution”) to support Projects financed from the Fund. The Donor authorizes the Administrative Agent to use the Contribution for the purposes of the Fund and in accordance with this Letter of Agreement. The Donor acknowledges that such Contribution will be mingled with other contributions to the UNDG ITF Account. Consequently, the Contribution will not be separately administered or separately identified for expenditure reporting purposes, except where such Contribution is earmarked for a specific Participating UN Organization.

2. The Donor shall deposit the Contribution by wire transfer, in accordance with the schedule of payments set out in **ANNEX 2** to this Agreement, in convertible currencies of unrestricted use, to the following account:

| | |
|------------------|---|
| Agencies Banking | UNDG Iraq Trust Fund Account No. XXXXXXXXX JP Morgan Chase, International 1166 Avenue of the Americas New York, NY 10036 2708 SWIFT Code: CHASUS33 and ABA No. 021000021 |
|------------------|---|

3. When making a transfer to the Administrative Agent, the Donor will notify the Administrative Agent’s Treasury Operations, with a copy to the Executive Coordinator of the Fund, of the following: (a) the amount transferred, (b) the value date of the transfer; and (c) that the transfer is from **[name of Donor]** unearmarked or earmarked for the **[name of sector and/or Participating UN Organization]**, pursuant to this Letter of Agreement.

4. The value of a contribution-payment, if made in currencies other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Gains or losses on exchange resulting from the subsequent conversion of such Contribution to US dollars at the market rate of exchange shall be recorded in the UNDG ITF Account by the Administrative Agent.

5. The UNDG ITF Account shall be administered by the Administrative Agent in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest. The UNDG ITF Account shall 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.

6. The Administrative Agent and the Participating UN Organizations shall be entitled to deduct their indirect costs on contributions received in accordance with the

following formula: (i) the Administrative Agent's administrative fee will be ____% (____percent).¹ The fee will be deducted from the Contribution to the UNDG Iraq Trust Fund at the time it is deposited; (ii) in addition to the above administrative fee, the Administrative Agent may also deduct from the UNDG Iraq Trust Fund and transfer to itself the actual costs of its support to the Secretariat, and of Administrative Agent staff supporting the Trust Fund Steering Committee in analyzing and appraising activities supported by the Fund; and (iii) indirect costs of the Participating UN Organizations will be based on their applicable regulations and rules, taking into account the size and complexity of the particular Project, and will be reflected in the Project proposals approved by the Trust Fund Steering Committee.²

7. All financial accounts and statements shall be expressed in United States dollars.

Article II

Disbursement of funds to the Participating UN Organizations

1. The Administrative Agent shall make disbursements from the UNDG ITF Account in accordance with this Letter of Agreement in line with the budget set out in the specific project proposals submitted by the concerned Participating UN Organization and approved by the Trust Fund Steering Committee, and in accordance with the Memorandum of Understanding between the Participating UN Organizations and the Administrative Agent regarding the Operational Aspects of the UNDG Iraq Trust Fund.

2. Where the balance in the UNDG ITF Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent shall consult with the Trust Fund Steering Committee and make a partial disbursement, if any, in accordance with the Trust Fund Steering Committee's instructions, provided however that such disbursement will not exceed the funds available in the UNDG ITF Account.

Article III

Implementation of the Projects

1. The Participating UN Organizations shall carry out the activities for which they are responsible, in accordance with the regulations, rules, directives and procedures applicable to them. Accordingly, personnel shall be engaged and administered, equipment, supplies and services purchased, and contracts entered into in accordance with the provisions of such regulations, rules, directives and procedures.

¹ The Administrative Agent's administrative fee, which includes the full cost of the UNDG Iraq Trust Fund Management Team, is [in the range 0.75 to 1.75] percent, depending upon the volume.

² It is expected that such costs will be in the range of 5%-9%, with an average of approximately 7%.

2. If unforeseen expenditures arise, the Trust Fund Steering Committee will submit, through the Administrative Agent, a supplementary budget to the Donor showing the further financing that will be necessary. If no such further financing is available, the activities to be carried out under the Fund may be reduced or, if necessary, terminated by the Participating UN Organizations. In no event will the Participating UN Organizations enter into commitments in excess of the funds disbursed to each of them by the Administrative Agent from the UNDG ITF Account.

Article IV Equipment and supplies

On the termination or expiration of this Agreement, the matter of ownership shall be determined in accordance with the regulations, rules, directives and procedures applicable to such Participating UN Organization.

Article V Reporting

The Administrative Agent shall provide the Donor with the following reports, based on reports provided to the Administrative Agent by each Participating UN Organization prepared in accordance with the accounting and reporting procedures applicable to it:

(a) Consolidated narrative progress reports every six months, to be provided no later than three months after the end of the applicable reporting period;

(b) Consolidated semi-annual financial reports as of 30 June and 31 December each year with respect to the funds disbursed from the UNDG ITF Account, to be provided no later than five months after the end of the applicable reporting period;

(c) A final consolidated narrative report and financial report, after the completion of the project activities financed by the Fund and including the final year of the project activities, to be provided no later than 30 June of the year following the financial closing of the Project activities;

(d) A consolidation of final certified financial statements, to be provided no later than 30 days after the last date of receipt of the financial statements from the Participating UN Organizations of the year following the financial closing of the Project activities;

(e) A financial report and final certified financial statement on its activities as Administrative Agent, to be provided no later than 30 June of the year following the financial closing of the Project activities.

Article VI
Monitoring and Evaluation

Monitoring and evaluation of the Project activities including, as necessary and appropriate, joint evaluation by the Participating UN Organizations, the Administrative Agent, the Donor, the Government and other partners shall be undertaken.

Article VII
Joint Communication

1. Information given to the press, to the beneficiaries of the Fund, all related publicity material, official notices, reports and publications, shall acknowledge the role of the Iraqi interim administration, the donors, the Participating UN Organizations, the Administrative Agent and any other relevant parties.
2. Whenever possible and to the extent that it does not jeopardize the privileges and immunities of Participating UN Organizations, and the safety and security of their staff, Participating UN organizations will promote donor visibility on information, project materials and at project sites, in accordance with their respective regulations, rules, policies and procedures.

Article VIII
Expiration, modification and termination of the Agreement

1. The Administrative Agent shall notify the Donor when it has received notice from relevant Participating UN Organizations that the activities for which they are responsible that are financed from the Contribution have been completed. The date of the last notification received from a Participating UN Organization shall be deemed to be the date of expiration of this Agreement, subject to the continuance in force of paragraph 4 below for the purposes therein stated.
2. This Agreement may be modified only by written agreement between the Parties.
3. This Agreement may be terminated by either Party on thirty (30) days of a written notice to the other Party, subject to the continuance in force of paragraph 4 below for the purpose therein stated.
4. Obligations assumed by the Donor and the Administrative Agent under this Agreement shall survive the expiration or termination of this Agreement to the extent necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the Parties hereto and the Participating UN Organizations and the settlement of contractual liabilities required in

respect of any subcontractors, consultants or suppliers. Any balance remaining in the UNDG ITF Account or in the individual Participating UN Organizations' separate ledger accounts established pursuant to the Terms of Reference shall be used for a purpose mutually agreed upon by the Participating UN Organizations, the Administrative Agent, the donors and the Trust Fund Steering Committee.

Article IX
Notices

1. Any action required or permitted to be taken under this Agreement may be taken on behalf of the Donor by _____, or his or her designated representative, and on behalf of the Administrative Agent by the Executive Coordinator of the Fund, or his or her designated representative.

2. Any notice or request required or permitted to be given or made in this Agreement shall be in writing. Such notice or request shall be deemed to be duly given or made when it shall have been delivered by hand, mail, cable or telex to the Party to which it is required to be given or made, at such Party's address specified below or at such other address as the Party shall have specified in writing to the party giving such notice or making such request.

For the Donor:

Name: _____
 Title: _____
 Address: _____
 Telephone: _____
 Facsimile: _____
 Electronic mail: _____

For the Administrative Agent:

Name: Bisrat Aklilu
 Title: Executive Coordinator
 Address: 1 UN Plaza, New York, NY 10017
 Telephone: (212) 906-6880
 Facsimile: (212) 906-5307; (212) 906-6990
 Electronic mail: bisrat.aklilu@undp.org

Article X
Entry into force

This Agreement shall enter into force upon signature thereof by the Parties and shall continue in full force and effect until it is expired or terminated.

IN WITNESS WHEREOF, the undersigned, being duly authorized by the respective Parties, have signed the present Agreement in English in two copies.

For the Donor

Signature: _____
Name: _____
Title: _____
Place: _____
Date: _____

For the Administrative Agent

Signature: _____
Name: Bisrat Aklilu
Title: Executive Coordinator of the Fund
Place: New York
Date: _____

ANNEX 1: Terms of Reference

ANNEX 2: Schedule of payments