



**MEMORANDUM OF AGREEMENT
FOR
MANAGEMENT AND OTHER SUPPORT SERVICES
RELATED TO
THE ETHIOPIA CLIMATE RESILIENT GREEN ECONOMY FACILITY**

MEMORANDUM OF AGREEMENT
between
the Government of the Federal Democratic Republic of Ethiopia
and
the United Nations Development Programme
for
Management and Other Support Services
Related to the Ethiopia Climate Resilient Green Economy Facility

WHEREAS, the Government of the Federal Democratic Republic of Ethiopia (hereinafter the “Government”) has developed the ETHIOPIA CLIMATE RESILIENT GREEN ECONOMY FACILITY (hereinafter the “Facility”);

WHEREAS, the Government has requested the United Nations Development Programme (UNDP) to serve as the provisional Trustee and provide fund administration, management and other support services related to the establishment and management of the Facility for funding that will be channeled through the Facility’s International Account (as further referred in Article 3 paragraph 13);

WHEREAS, UNDP agrees to serve as the provisional Trustee and provide the fund administration, through its Multi-Partner Trust Fund Office (MPTF Office) (hereinafter “Administrative Agent”), as well as management and other support services for the Facility, pursuant to its Financial Regulations and Rules, and the terms and conditions set out in the Facility Terms of Reference, August 2012, (hereinafter “Facility TOR” or “TOR”), annexed hereto as Annex 1;

WHEREAS, the Government has designated the Ministry of Finance and Economic Development (MOFED) to coordinate the development and implementation of the Facility’s activities on behalf of the Government and assume full financial and programmatic accountability for the funds disbursed by the Administrative Agent to the government entities through MOFED National Account, that shall implement the activities funded by the Facility (hereinafter the “National Entities”) , and shall have such other responsibilities as set forth herein;

WHEREAS, the CRGE Facility Contributors will release their commitments for both the Strategic and Responsive Windows of the CRGE Facility directly to the CRGE National Account or to the CRGE Facility Account provisionally administered by the UNDP MPTF Office;

WHEREAS, UNDP as the Administrative Agent of the Facility will conclude on behalf of the Government Standard Administrative Arrangements (hereinafter “Standard Administrative Arrangements” or “SAAs”), a template of which is annexed hereto as Annex 2, with the Contributors that are unable to channel contribution directly through MOFED (hereinafter “Contributors”);

WHEREAS, the Government may decide and request to utilize technical cooperation provided by organizations of the United Nations system (hereinafter “Participating United Nations Organizations” or “PUNOs”) and Multilateral Development Banks as deemed necessary (hereinafter “MDBs”), hereinafter jointly referred to as the “International Participating Organizations”, for the provision of capacity building and technical support to be funded by the Facility, and towards that end, the relationship between the PUNOs and the Administrative Agent will be governed by the Memorandum of Understanding for Multi-Partner Trust Funds Using Pass-Through Fund Management relating to the Ethiopia CRGE Facility (annexed hereto as Annex 3); and the relationship between the MDBs and the Administrative Agent will be governed by the MDB Memorandum of Understanding for Multi-Partner Trust Funds Using Pass-Through Fund Management relating to the Ethiopia CRGE Facility (annexed hereto as Annex 4); and

WHEREAS, this Memorandum of Agreement governs the relationship between UNDP and the Government, including MOFED as well as the related Agreements with the Contributors and International Participating Organizations (Annexes 2 through 4);

NOW, THEREFORE, the Government and the Administrative Agent (hereinafter “the Parties”) agree as follows:

Article 1

Establishment of the Ethiopia CRGE Facility

1. The signature of this Memorandum of Agreement (hereinafter the “MOA”) is an additional step in the full commencement of the Facility. The establishment of the Facility shall facilitate the effective and efficient collaboration between the Government, Contributors, the Administrative Agent, and other stakeholders for the implementation of the Facility, as set out in the TOR. All terms defined in the TOR are used in this MOA in the same manner as though set out and defined in full herein
2. The Facility shall be governed by the **CRGE Ministerial Steering Committee**, chaired by the Prime Minister’s Office, that will set the criteria and scope for approving investment plans, and determine the overarching priorities for the CRGE Facility.
3. The Environmental Protection Authority (EPA) will chair, house and supervise the activities of the **CRGE Technical Committee**, which will include MOFED’s Planning and Research Directorate, relevant experts from line ministries and other development partners as necessary. The CRGE Technical Committee will assess and approve investment plans submitted to both the Strategic and Responsive Windows by line ministries and regional governments. It will appraise investment plans against both climate and development criteria.

4. MOFED will chair, house and supervise the activities of the **CRGE Management Committee**. The Management Committee will serve as the primary coordination and governance mechanism, as described in the TOR. The Management Committee will include representatives of the EPA and relevant line ministries, as appropriate. The Management Committee will carry out the functions stated in the TOR, including prioritizing the investment plans approved by the Technical Committee, making final fund allocation decisions for both the Strategic and Responsive Windows and overseeing the effective monitoring and evaluation of the Facility's financed activities.

5. Facility-financed activities undertaken by the National Entities and funded through contributions administered by the UNDP MPTF Office, shall be carried out on the basis of the National Regulatory Framework, provided the laws, regulations and procedures do not contravene the principles set out in UNDP's regulations and rules, policies and procedures, while the Facility-financed activities undertaken by the International Participating Organizations shall be carried out on the basis of their own regulations rules, policies and procedures in accordance with Annexes 3 and 4.

6. The Government and UNDP shall consult closely with respect to the management and other support services provided under this MOA. The Government shall ensure that all necessary support is given by the relevant Ethiopian authorities to UNDP to facilitate the activities to be carried out by UNDP further to the Facility. The Management Committee will establish its Rules of Procedure through the Operational Manual, consistent with the TOR.

7. Resources from the Facility, including interest accrued to the Facility Account, will be utilized for the purpose of meeting the direct and indirect costs of programmes undertaken by the National Entities and International Participating Organizations, as well as meet the direct costs related to its administration, technical review tasks of the Technical Committee and Facility Secretariat and required Facility-wide evaluations. Details of such proposals, including respective budgets and description of the National Entities and International Participating Organizations will be set out in the relevant programme documents and/or proposals, approved by the Management Committee.

Article 2

The Administrative Agent

8. The Government hereby engages UNDP, through its MPTF Office, to provisionally administer the Facility on its behalf, in accordance with the TOR. UNDP shall use its multi-donor trust fund management mechanism adapted for the management support services arrangements described herein.

9. Upon signature of this MOA, UNDP will conclude on behalf of the Government a Standard Administrative Arrangement (SAA) with the Contributors for receipt of funds and the Memoranda of Understanding (MOU) with the International Participating Organizations when requested by the Government to provide technical cooperation for Facility-financed activities,.

10. UNDP as Administrative Agent, through its MPTF Office, will carry out the following functions:

- (a) Receive financial contributions from Contributors and deposit those in the Facility Account;
- (b) Administer the funds received, in accordance with UNDP regulations, rules, policies and procedures and the TOR;
- (c) In accordance with the decisions of the Management Committee, and subject to availability of funds disburse the funds to (i) National Entities through MOFED National CRGE account upon instruction from MOFED, and (ii) International Participating Organizations upon instruction from MOFED as a chair of the Management Committee, in both cases taking into account the budget set out in the approved programmatic document¹, as amended in writing from time to time by the Management Committee;
- (d) Consolidate statements and reports, based on submissions provided to the Administrative Agent by MOFED, based on the submissions of each National Participating Organization, and by the International Participating Organizations, as set forth in Article 5, and provide these to MOFED, the Management Committee and Contributors through the Facility Secretariat;
- (e) As applicable, provide final reporting; and
- (f) Disburse funds to MOFED, EPA and to any National Entity through MOFED National Account or International Participating Organization for any additional costs of the non-fund administration tasks that the Management Committee may decide to allocate to any of the aforementioned in accordance with the TOR.

11. The Administrative Agent will conclude the Standard Administrative Arrangement with each Contributor that wishes to provide financial support to the Facility through the Administrative Agent. The Administrative Agent will not agree with the Contributor to amend the terms of Annex 2 without prior written agreement of MOFED. The Administrative Agent and MOFED will ensure the posting of a copy of the Standard Administrative Arrangement, as well as information on contributions, on the website of the Administrative Agent (<http://mptf.undp.org>), as well as the website of the Facility (<http://www.mofed.gov.et>), as appropriate.

¹ As used in this document, an approved programmatic document refers to projects or programmes which are approved by the Steering Committee for fund allocation purposes.

12. The Administrative Agent will be entitled to allocate an administrative fee of one percent (1%) of the amount contributed by each Contributor signing a Standard Administrative Arrangement, to meet its costs of performing the functions described in this Memorandum of Agreement.

Article 3 **Financial Matters**

The Administrative Agent

13. UNDP, as the Administrative Agent of the Facility, will establish a separate ledger account (hereinafter, the "Facility International Account") under its financial regulations and rules for the receipt and administration of the funds received pursuant to a Standard Administrative Arrangement. The Facility Account will be administered by the UNDP, in accordance with the UNDP's applicable regulations, rules, policies and procedures, including those relating to interest. The Facility Account will be subject exclusively to the internal and external auditing procedures laid down in the applicable UNDP financial regulations, rules, policies and procedures.

14. The Administrative Agent will not absorb gains or losses on currency exchanges which will increase or decrease the funds available for disbursements to MOFED, EPA, to the National Entities and International Participating Organizations.

15. Subject to the availability of funds, the Administrative Agent will make disbursements from the Facility Account based on decisions from the Management Committee and instruction from MOFED, in line with the budget set forth in the programmatic document, as amended from time to time by the Management Committee.

16. The Administrative Agent will normally make each disbursement to the CRGE National Account within MOFED within three (3) to five (5) business days after receipt of the relevant approved programmatic document and instruction from MOFED, in accordance with the decisions of the Management Committee and in line with the Facility TOR, along with a copy of the relevant approved programmatic document. The Administrative Agent will transfer funds through wire transfer. MOFED will advise the Administrative Agent in writing of the bank account for transfers pursuant to this MOA. When making a transfer, the Administrative Agent will notify MOFED, of the following: (a) the amount transferred, (b) the value date of the transfer, and (c) that the transfer is from the UNDP in respect of the Facility pursuant to this MOA.

17. The Administrative Agent will make disbursement to International Participating Organizations based on the decision of the Management Committee and instruction from MOFED. The detail will be described in the respective Memoranda of Understanding signed between them and the Administrative Agent (Annexes 3 and 4).

18. Where the balance in the Facility Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Management Committee and make a disbursement, if any, in accordance with the Management Committee's instructions through MOFED.

Ministry of Finance and Economic Development (MOFED)

19. The Government has designated MOFED to serve as the primary interlocutor on all aspects of the Facility including with respect to the Administrative Agent. MOFED assumes full programmatic and financial accountability for the funds disbursed to the MOFED's CRGE Facility National Account by the Administrative Agent.

20. In order to carry out activities funded by the Facility, National Entities shall be proposed by EPA, in consultation with MOFED, and approved by the Management Committee, following assessments of financial, managerial and technical capacity by the Technical Committee. The Management Committee, chaired by MOFED shall review and approve the proposals recommended for funding. It is understood that National Entities will receive funds and carry out activities on the basis of the National Regulatory Framework, in accordance with Article 1, Paragraph 2.

21. MOFED will establish, and have each National Entity 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 Facility Account.

22. MOFED will use, and have the National Entities, including EPA, use, the funds disbursed from the Administrative Agent to carry out the activities for which they are responsible as set out in the approved programmatic document. MOFED, and through it the National Entities, including EPA, will commence and continue to conduct operations for the programmatic activities only upon receipt of disbursements as instructed by the Management Committee. MOFED, and through it the National Entities, will not make any commitments above the approved budget in the approved programmatic document, as amended from time to time by the Management Committee. If there is a need to exceed the budgeted amount, MOFED will submit a supplementary budget request to the Management Committee.

The International Participating Organizations

23. Utilization of funding by International Participating Organizations will be in accordance with the provisions of the respective Memoranda of Understanding signed between the International Participating Organizations and the Administrative Agent (Annexes 3 and 4).

Contributors

24. The Contributors will make their contributions in accordance with the provisions of the Standard Administrative Arrangements.

Article 4
Activities of the Facility

The Role of MOFED

25. Before the Administrative Agent will disburse funds to a National Entity through CRGE Facility National Account within MOFED, MOFED will reach an agreement with each concerned National Entity setting out the terms and conditions regarding receipt of funds from the Facility, consistent with this MOA and the TOR. MOFED will ensure that each National Entity is responsible for the activities specified in its proposal, in accordance with the decisions of the Management Committee and the National Regulatory Framework.

26. After approval by the Management Committee of a National Entity's proposal, MOFED will instruct the Administrative Agent to disburse the approved amount to the CRGE National Account within MOFED.

27. MOFED through the Management Committee will take the necessary steps to ensure that National Entities have the required capacities to accomplish their commitments in accordance the National Regulatory Framework.

28. Any modifications to the scope of the approved programmatic document, including as to its nature, content, sequencing or the duration thereof will be subject to mutual agreement in writing between MOFED, the relevant National Entity and the Management Committee. MOFED will promptly notify the Administrative Agent of any change in the budget approved by the Management Committee, as set out in the programmatic document of any National Entity. For Facility funded activities undertaken by the National Entities, on the termination or expiration of this MOA, the ownership of equipment, supplies and other property financed from the Facility shall vest in the Government.

29. MOFED will ensure that where a National Entity wishes to carry out its activities through or in collaboration with third parties, it will be responsible for discharging all commitments and obligations with such third parties, and the Administrative Agent will not be responsible for doing so.

30. In carrying out their activities, neither MOFED nor the National Entity will be considered as an agent of the Administrative Agent, nor will the personnel of one be considered as staff members, personnel or agents of the other. Without restricting the generality of the preceding sentence, the Administrative Agent will not be liable for the acts or omissions of MOFED, the National Entities, or their personnel, or of persons performing services on their behalf.

31. MOFED will advise the Administrative Agent in writing when all activities for which the National Entities are responsible under the respective approved programmatic document have been completed.

32. MOFED recognizes that the Contributors reserve the right to discontinue future contributions if reporting obligations are not met as set forth in the Standard Administrative Arrangement or if there are substantial deviations from agreed plans and budgets. If it is agreed among the Management Committee, MOFED, Contributors and the Administrative Agent that there is evidence of improper use of funds by National Entities, MOFED will use its best efforts, through the appropriate government body, consistent with its regulations, rules, policies and procedures to recover any funds misused. MOFED in consultation with the Management Committee will credit any funds so recovered to the Facility Account or agree with the Management Committee to use these funds for a purpose mutually agreed upon. Before withholding future contributions or requesting recovery of funds and credit to the Facility Account, the Administrative Agent, MOFED and the Contributor will consult with a view to promptly resolving the matter.

33. MOFED recognizes that it is important to take all necessary precautions to avoid inappropriate practices. To this end, it will guarantee the application of the National Regulatory Framework for the use of public funds by National Entities. In the event that MOFED determines that an allegation in relation to the implementation of activities – including corrupt, fraudulent, collusive or coercive practices that may have taken place - is credible enough to warrant an investigation, it will promptly notify the Management Committee and the Administrative Agent and the appropriate Ethiopian regulatory and control bodies, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with by the appropriate entity of the Government in charge of such investigations. Upon completion of the investigation, MOFED will inform the Management Committee and the Administrative Agent about the results of the investigation which will handle in accordance with the National Regulatory Framework.

The Role of International Participating Organizations

34. Activities of the International Participating Organizations will be carried out in accordance with the provisions contained in the respective Memoranda of Understanding signed between the International Participating Organizations and the Administrative Agent (Annexes 3 and 4).

The Contributors

35. The Contributors will participate in the Facility in accordance with the TOR.

Article 5 **Reporting**

36. The National Entities through MOFED, and the International Participating Organizations in accordance with the respective Memoranda of Understanding (Annexes 3 and 4), will provide the Administrative Agent with the following statements and reports for funds received from the Facility International Account, as set forth in the Facility TOR:

- (a) Quarterly financial and narrative progress reports, at the initial stage of the Facility within 45 days after the end of the quarter;
- (b) Annual financial statements and reports as well as narrative progress reports as of 31 December with respect to the funds disbursed to it from the Facility Account and activities performed and results achieved, to be provided no later than four months (30 April) for the financial statement and three months (31 March) for the narrative report, after the end of the calendar year;
- (c) Final narrative reports, after the completion 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 programme. The final report will give a summary of results and achievements compared to the goals and objectives specified in the programmatic document;
- (d) Certified final financial statements and final financial reports after the completion 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 related programmes.

37. The Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in Paragraph 36 (a) to (d) above, and will provide those consolidated reports to MOFED, the Management Committee, and each Contributor to the Facility Account, through the Facility Secretariat, by 31 May of each year.

38. The Administrative Agent will also provide MOFED, Management Committee and Contributors through the Facility Secretariat with the following statements on its activities:

- (a) Certified annual financial statement (“Source and Use of Funds”) to be provided no later than five months (31 May) after the end of the calendar year; and
- (b) As applicable, 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 Facility.

39. Consolidated reports and related documents will be posted on the websites of the Facility (<http://www.mofed.gov.et>) and the Administrative Agent (<http://mptf.undp.org>).

Article 6 **Monitoring and Evaluation**

40. Monitoring and evaluation of the Facility including, as necessary and appropriate, joint

evaluation by the Government, MOFED, the Contributors, the Administrative Agent, and other partners, will be undertaken in accordance with the provisions contained in the Facility TOR.

41. MOFED, the Facility Secretariat, EPA together with the National Entities and International Participating Organizations, Contributors, and the Administrative Agent, through the Management Committee, will hold annual consultations, as appropriate, to review the status of the Facility.

Article 7 **Audit**

42. MOFED, and through it the National Entities, will be audited in accordance with the Ethiopian national audit framework. The International Participating Organizations and the Administrative Agent will be audited in accordance with their own Financial Regulations and Rules further to Annexed 3 and 4.

Article 8 **Joint Communication**

43. MOFED will take appropriate measures to publicize the Facility and to give due credit to the other stakeholders. Information given to the press, to the beneficiaries of the Facility, all related publicity material, official notices, reports and publications, will acknowledge the leading role of the Government, the Contributors, MOFED, the Administrative Agent and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of the Government, MOFED, national partners, National Entities and International Participating Organizations and Contributors in all external communications relating to the Facility.

44. The Administrative Agent in consultation with MOFED will ensure that decisions regarding the review and approval of the Facility, periodic reports on the progress of Facility-financed activities and associated external evaluation are posted, where appropriate, for public information on the websites of the Facility (<http://www.mofed.gov.et>) and the Administrative Agent (<http://mptf.undp.org>). Such reports and documents may include Management Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

Article 9 **Entry into Force, Expiration, Modification**

45. This MOA will come into effect upon signature by authorized representatives of the Parties and will continue in full force and effect until it is terminated.

46. The Facility has a termination date of **31 December 2030**. However, UNDP's role as the Facility's Administrative Agent shall be limited to such time that a successor to fulfill the

services ascribed to UNDP in this MOA is selected by the Management Committee in consultation with the Contributors.

47. This MOA will expire upon the winding up of the Facility, upon its termination by the Government, or upon selection of a successor to UNDP in accordance with paragraph 46 above, subject to the continuance in force of paragraph 48 below for the purposes therein stated. In addition, the MOA may be terminated upon 180 days notice, upon mutual agreement of the Parties, subject to the continuance in force of paragraph 48 below for the purposes therein stated.

48. This MOA may be modified only by written agreement between the Parties.

49. Commitments assumed by the Parties under this MOA will survive the expiration or termination of this MOA 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 Parties hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the Facility Account, in MOFED, or in individual National or International Participating Organization's separate ledger accounts upon winding up of the Facility will be used for a purpose as decided by the Management Committee and Contributors or returned to the Contributor(s) in proportion to their contribution to the Facility as decided upon by the Contributor and Management Committee.

Article 10 **Notices**

50. Any action required or permitted to be taken under this MOA may be taken on behalf of the Government, by the State Minister of Finance and Economic Development, or his designated representative, and on behalf of the Administrative Agent, by the Executive Coordinator of the UNDP MPTF Office, or his designated representative.

51. Any notice or request required or permitted to be given or made in this MOA 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 below or at such other address as the party will have specified in writing to the party giving such notice or making such request.

For the Government:

Name: Ahmed Shide
Title: State Minister, Ministry of Finance and Economic Development
Address: Ministry of Finance and Economic Development, P.O. Box 1037
Addis Ababa, Ethiopia
Telephone: +2510111579143
Facsimile:
Electronic mail: ahmedshide@yahoo.com

For the Administrative Agent:

Name: Bisrat Aklilu
Title: Executive Coordinator, MPTF Office, UNDP
Address: 730 Third Avenue, 20th Floor, New York, NY 10017, USA
Telephone: +1 212 906 6880
Facsimile: +1 212 906 6990
Electronic mail: bisrat.aklilu@undp.org

Article 11
General Provisions

52. In the event of any controversy, claim or dispute between the Parties arising out of this MOA or the breach thereof, the Parties shall seek an amicable resolution thereof through good faith direct negotiations.

53. The Government agrees that the provisions of the Agreement between UNDP and the Government, relating to UNDP's assistance to the country signed on 26 February 1981 (SBAA) shall apply to UNDP and its personnel carrying out the management and other support services provided hereunder, except that the funds contributed shall be deemed resources of the Government.

54. In accordance with the SBAA, the Government shall bear all risks of operations arising under this Agreement and shall be responsible for dealing with claims which may be brought by third parties against UNDP, its officials or other persons performing services on its behalf, and shall hold them and UNDP harmless in respect of claims or liabilities arising from operations under this Agreement. The foregoing provision shall not apply where the Government and UNDP agree that claims or liabilities arise from the gross negligence or willful misconduct of the above-mentioned persons.

IN WITNESS WHEREOF, the undersigned, duly authorized representatives of the respective Parties, have signed this MOA in English, in two copies.

On behalf of the Government of Ethiopia:

On behalf of UNDP:

Signature: SIGNED
Name: Ahmed Shide
Title: State Minister, MOFED
Place: Addis Ababa
Date: December 19, 2012

Signature: SIGNED
Name: Bisrat Aklilu
Title: Executive Coordinator, MDTF Office
Place: New York
Date: December 19, 2012

ANNEX 1 – The Ethiopia Climate Resilient Green Economy (CRGE) Facility Terms of Reference

ANNEX 2 – Standard Administrative Arrangement(SAA) between a Contributor and the Administrative Agent

ANNEX 3 – Memorandum of Understanding (MOU) between Participating UN Organizations and the Administrative Agent

ANNEX 4 – Memorandum of Understanding (MOU) between a Multilateral Development Bank (MDB) and the Administrative Agent