

**Letter of Arrangement
between
Department For International Development
and
United Nations Development Programme**

WHEREAS, UNFPA, WHO, UNICEF, UNDP, UNODC, WFP and UNAIDS Secretariat and any other signing organizations (hereinafter referred to collectively as the "Participating UN Organizations") have developed a joint programme (hereinafter referred to as the "Joint Programme") as part of their respective development cooperation with the Government of **Kenya**, as more fully described in the detailed Joint Programme Document (hereinafter referred to as the "Joint Programme Document"¹), a copy of which is attached hereto as **ANNEX A**, and have accepted to establish a coordination mechanism (hereinafter referred to as the "Joint Programme Steering Committee")² to facilitate the effective and efficient collaboration between the Participating UN Organizations and the host Government for the implementation of the Joint Programme;

WHEREAS, the Participating UN Organizations have decided that they should adopt a coordinated approach to collaboration with donors who wish to support the implementation of the Joint Programme and have developed a Joint Programme Document to use as the basis for mobilising resources for the Joint Programme, and have further decided that they should offer donors the opportunity to fund the Joint Programme and receive reports on the Joint Programme through a single channel;

WHEREAS, the Participating UN Organizations have appointed **UNDP** (hereinafter referred to as the "Administrative Agent" or the "AA") (which is also a Participating UN Organisation in connection with this Joint Programme)³ in a Memorandum of Understanding concluded between the Administrative Agent and Participating UN Organizations on **01 April 2008**, to serve as their administrative interface between donors and the Participating UN Organizations for these purposes 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 Joint Programme through the Administrative Agent (hereinafter, the "Joint Programme Account"); and

¹ The Joint Programme document contains at a minimum a common work plan, a budget, the coordination and management mechanism and signatures of all parties to the document.

² The composition of the Joint Programme Steering Committee corresponds to the membership of the UN Country Team (UNCT) and includes the Resident Coordinator as the signatory to the Joint Programme Document, as well as all Country Representatives of the participating organizations. The Steering Committee may also have other members in an observer capacity, such as donors and other stakeholders.

³ In most cases, the AA will also be a Participating UN Organization. However, where the AA is not a Participating UN Organization, this parenthetical can be deleted.



WHEREAS, DFID (hereinafter referred to as the “Donor”) wishes to provide financial support to the Joint Programme on the basis of the Joint Programme Document as part of its development cooperation with the Government of **Kenya** 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 “Participants”) hereby agree as follows:

Article I

Disbursement of funds to the Administrative Agent and the Joint Programme Account

1. The Donor agrees to make a contribution of **£STG 10,000,000** and such further amounts as it may decide (hereinafter referred to as the “Contribution”) to support the Joint Programme. The Contribution shall be a contribution to the Participating UN Organizations to support the Joint Programme in accordance with the Joint Programme Document, as amended from time to time in writing by the Joint Programme Steering Committee. The Donor authorizes the Administrative Agent to use the Contribution for the purposes of the Joint Programme and in accordance with this Letter of Arrangement. The Donor acknowledges that the Contribution will be mingled with other contributions to the Joint Programme Account and that it will not be separately identified or administered.

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

UNDP Representative in Kenya USD Account
Bank of America, 1401 Elm St., Dallas TX 75202
Account No. 3752191743
ACH Routing No. 111000012 (to be used only by US-based banks using ACH payment type)
Wire Routing Number: 026009593
Swift Address: BOFAUS3N

3. When making a transfer to the Administrative Agent, The Donor will notify the Administrative Agent’s Treasury Operations of the following: (a) the amount transferred, (b) the value date of the transfer; and (c) that the transfer is from the Donor in respect of the Joint Programme in **Kenya** pursuant to this Letter of Arrangement.

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 currency exchanges shall be recorded in the Joint Programme Account by the Administrative Agent.

5. The Joint Programme 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 Joint Programme 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.

6. The Administrative Agent shall be entitled to allocate an administrative fee of one percent (1 %) of the amount contributed by the Donor, to cover the Administrative Agent's costs of performing the Administrative Agent's functions. Notwithstanding the foregoing, in cases the contribution is less than \$2 million, the fee will be subject to a minimum floor of \$20,000; if the contribution is above \$10 million, the fee will be set to a maximum ceiling of \$100,000⁴. Each Participating UN Organization will recover indirect costs in accordance with its financial regulations and rules and as documented in the Memorandum of Understanding signed with the AA.

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

Article II

Disbursement of funds to the Participating UN Organizations and a separate ledger account

1. The Administrative Agent will make disbursements from the Joint Programme Account in accordance with instructions from the Joint Programme Steering Committee, in line with the Joint Programme Document, as amended in writing from time to time by the Joint Programme Steering Committee. The disbursements will also be made in accordance with the Memorandum of Understanding between the Participating UN Organizations and the AA regarding the Operational Aspects of the Joint Programme dated 01 April 2008. The Administrative Agent will promptly notify the Donor of any amendment to the budget made by the Joint Programme Steering Committee. The disbursement to the Participating UN Organizations will consist of direct and indirect costs as set out in the Joint Programme budget.

2. Each Participating UN Organization will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it from the Joint Programme Account. Each Participating UN Organization assumes full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. That separate ledger account will be administered by each Participating UN 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 UN Organization.⁵

⁴ In cases where the Participating UN Organizations and the AA agree that the AA's responsibilities are more complex than envisioned in Article I, para 2 (a)-(e) of the Memorandum of Understanding between the Participating UN Organizations and the AA dated 01 October 2007, such additional responsibilities will be included in a new Article I, para 2(f) and a higher percentage or amount for the fee of the AA than that stipulated here may be agreed with the donor or included as direct costs in the budget directly managed by the AA as appropriate

⁵ Where the AA is also a Participating UN Organization, it will need to open its own separate ledger account and transfer funds from the Joint Programme Account to its separate ledger account.



3. Where the balance in the Joint Programme Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Joint Programme Steering Committee and make a disbursement, if any, in accordance with the Joint Programme Steering Committee's instructions. Disbursements, if any, will not exceed the funds available in the account. The Administrative Agent will promptly notify the Donor in such circumstances and will advise the Donor of the Joint Programme Steering Committee's decision in that regard.

Article III Implementation of the Joint Programme

1. The Participating UN Organizations will carry out the activities for which they are responsible, in line with the budget contained in the Joint Programme Document, as amended from time to time by the Joint Programme Steering Committee in accordance with the regulations, rules, directives and procedures applicable to it. Accordingly, personnel will 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.

2. The Participating UN Organizations will commence and continue to conduct operations for the Joint Programme only upon receipt of disbursements as instructed by the Joint Programme Steering Committee.

3. The Participating UN Organizations will not make any commitments above the budgeted amounts in the Joint Programme Document, as amended from time to time by the Joint Programme Steering Committee.

4. If unforeseen expenditures arise, the Joint Programme 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 Joint Programme may be reduced or, if necessary, terminated by the Participating UN Organizations. In no event will the Participating UN Organizations assume any liability in excess of the funds provided in the Joint Programme Account.

Article IV Equipment and supplies

On the termination or expiration of this Arrangement, the matter of ownership will be determined in accordance with the regulations, rules, directives and procedures applicable to such Participating UN Organization, including where applicable its basic agreement with the Government of Kenya.

Article V

Reporting

The Administrative Agent shall provide DFID and the Joint Programme Steering Committee 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, as set forth in the Joint Programme Document:

- (a) Consolidated narrative progress reports every twelve months, to be provided no later than three months after the end of the applicable reporting period;
- (b) Consolidated annual financial reports as of 31 December each year with respect to the funds disbursed from the Joint Programme 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 Joint Programme and including the final year of the Programme, to be provided no later than 30 June of the year following the financial closing of the Programme;
- (d) A consolidation of final certified financial statements, to be provided no later than 30 days after receipt from the Participating UN Organizations in the year following the financial closing of the Programme;
- (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 Programme.

Article VI

Monitoring and Evaluation

Monitoring and evaluation of the Joint Programme including, as necessary and appropriate, joint evaluation by the Participating UN Organizations, the Administrative Agent, the Donor, the Government and other partners will be undertaken in accordance with the Joint Programme Document. The Joint Programme Steering Committee may require an independent lesson-learned review exercise(s) in relation to the operation of the project to be undertaken. A review should be undertaken at least at mid project stage (Mid-term review)



Article VII
Joint Communication

Information given to the press, to the beneficiaries of the Joint Programme, all related publicity material, official notices, reports and publications, will acknowledge the role of the Government of **Kenya**, the donors, the Participating UN Organizations, the Administrative Agent and any other relevant parties. Whenever possible and to the extent that it does not jeopardize the privileges and immunities of participating UN Organisations, and for the safety 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 Arrangement

1. The Administrative Agent will notify the Donor when it has received notice from all Participating UN Organizations that the activities for which they are responsible under the Joint Programme have been completed. The date of the last notification received from a Participating UN Organization will be deemed to be the date of expiration of this Arrangement, subject to the continuance in force of paragraph 4 below for the purposes therein stated.
2. This Arrangement may be modified only by written agreement between the Participants.
3. This Arrangement 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 Arrangement will survive the expiration or termination of this Arrangement to the extent necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the Participants 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 Joint Programme Account or in the individual Participating UN Organizations' separate ledger accounts shall be used for a purpose mutually agreed upon by the Administrative Agent, the Donor and the Joint Programme Steering Committee.
5. All unspent funds should be returned to the Donor.

Article IX
Notices

1. Any action required or permitted to be taken under this Arrangement may be taken on behalf of the Donor by Simon Bland, Head DFID Kenya and Somalia or his or her designated representative and on behalf of the Administrative Agent by Elizabeth Lwanga, Resident Representative, UNDP or his or her designated representative.

2. Any notice or request required or permitted to be given or made in this Arrangement 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, 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 will have specified in writing to the party giving such notice or making such request.

For DFID:

Article X
Entry into Effect

This Arrangement shall enter into effect upon signature thereof by the Participants and will continue in full operation and effect until it is expired or terminated.

Article XIII

DFID will not be responsible for the activities of any person or third party engaged by UNDP as a result of this Memorandum, nor will DFID be liable for any costs incurred by UNDP in terminating the engagement of any such person.



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

For the Donor

For the Administrative Agent



Name: MARC RUTICHI
Title: SENIOR PROGRAMME OFFICER
Place: NAIROBI
Date: 26/03/08

Name: JINDRA PAL DHIMAN
Title: Coordination Specialist
Place: NAIROBI
Date: 17th April 2008

ANNEX A: Joint Programme Document

ANNEX B: Schedule of payments

Annex B:

Schedule of Payments

1. The Donor will deposit the Contribution as a grant with UNDP, upon request from UNDP, in UNDP's Bank Account in accordance with the following schedule

£1,500,000.....	by 31/3/2009
£2,000,000.....	by 31/3/2010
£2,500,000.....	by 31/3/2011
£2,000,000.....	by 31/3/2012
£2,000,000.....	by 31/3/2013

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



ANNEX 1: NOTIFICATION OF PAYMENT BY DFID

To:	[INTERNATIONAL ORGANISATION] Address:
Cc:	Accounts Department, DFID, Abercrombie House, East Kilbride, Scotland
	[INTERNATIONAL ORGANISATION] Country Office

DFID [INSERT DEPARTMENT DETAILS] has authorised the payment of £ [AMOUNT IN FIGURES [AMOUNT IN WORDS]] on [DATE] into [INTERNATIONAL ORGANISATION]

Bank:	
Account name:	
Account number:	
SWIFT code:	
Bank address:	

in respect of [PROGRAMME/PROJECT NAME and DFID PROJECT IDENTIFICATION MIS CODE] and [INTERNATIONAL ORGANISATION], [PROGRAMME/PROJECT REFERENCE]

[DFID DEPARTMENT]	
Name:	
Position:	
E-mail:	



ANNEX 2: REQUEST FOR PAYMENT FROM DFID

To:	[DFID Programme Manager Country X]
Cc:	Accounts Department, DFID, Abercrombie House, East Kilbride, Scotland
	[INTERNATIONAL ORGANISATION] Country Office

[INTERNATIONAL ORGANISATION] requests payment of [AMOUNT IN FIGURES [AMOUNT IN WORDS]] on [DATE] into [INTERNATIONAL ORGANISATION]

Bank:	
Account name:	
Account number:	
SWIFT code:	
Bank address:	

in respect of [PROGRAMME OR PROJECT NAME and DFID PROJECT IDENTIFICATION MIS CODE) and [INTERNATIONAL ORGANISATION] programme or project reference [INSERT REFERENCE]

[INTERNATIONAL ORGANISATION]	
Name:	
Position:	
Address:	
E-mail:	

ANNEX 3: NOTIFICATION OF PAYMENT TO DFID

To:	[DFID Programme Manager Country X]
Cc:	Accounts Department, DFID, Abercrombie House, East Kilbride, Scotland
	[NAME of ORGANISATION] Country Office

[NAME of ORGANISATION] has authorised the payment of [AMOUNT IN FIGURES] [AMOUNT IN WORDS] on [DATE] into the DFID Bank Account.

DFID's bank accounts and the payment methods required for such transfers are as follows, please choose one of the following as appropriate:

For payments by CHAPS: Payments of large or immediate amount (eg. £10,000 plus) should be paid to our RBS/Paymaster account below:

Bank:	DFID's Account at HM Paymaster General UK
Sort code:	16-53-60
Account number:	12119
Tdebt number	
DFID MIS code	

For Payments by BACS: Payments of small amounts in the UK should be paid to the following account:

Bank:	Bank of England
Sort code:	10-14-99
Account number:	12119000
Tdebt number	
DFID MIS code	

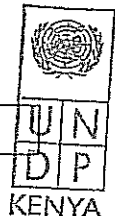
Electronic receipts from Overseas: Receipts transferred direct from an overseas bank account should be paid to the following Bank of England account:

Bank:	Bank of England
Sort code:	10-00-00
Account number:	25021001
Acc. Name	Office of HM Paymaster General Cash A/c
Ref.	12119/DFID
Tdebt number	
DFID MIS code	

Any organisation wishing to refund DFID by cheque should make the cheque payable to Department for International Development. Cheques should be sent to the Programme Officer.

in respect of [PROGRAMME/PROJECT NAME and the DFID PROJECT IDENTIFICATION MIS CODE] and [ORGANISATIONS] programme or project reference [INSERT REFERENCE]

[NAME of ORGANISATION]



Name:	
Position:	
Address:	
E-mail:	