

Terms and Conditions for Activities Managed under the UNDG Iraq Trust Fund

I. General

1. Donor contributions to the UNDG Iraq Trust Fund (UNDG ITF) will be utilized to finance projects and/or programmes (“Projects”) carried out by Participating UN Organisations (“the Participating UN Organisations”) within the framework of a priority programme of reconstruction and development activities validated by the Government of Iraq. .
2. To support uniform and consolidated reporting, the UNDG ITF will be administered by the United Nations Development Programme (“UNDP”) under its financial regulations and rules, and by the respective Participating UN Organisations in accordance with their financial regulations and rules, as further set forth in this Annex 2. UNDP will serve as the Administrative Agent on behalf of the Participating UN Organisations.

II. Contributions to the Fund

1. Contributions to the UNDG ITF may be accepted from governments of Member States of the United Nations, of the Specialized Agencies or from intergovernmental or non-governmental organisations, or from private sources.
2. Contributions to the UNDG ITF may be made in any of the following forms:
 - a) As unearmarked voluntary contributions, utilization of which will subsequently be determined by the Trust Fund Steering Committee (refer to Section IV below);
 - b) As contributions for the purpose of financing a specific sector of activity or cross-cutting theme ¹ – the Project(s) and Participating UN Organisation(s) concerned will then be subsequently determined by the Trust Fund Steering Committee (refer to Section IV below);
 - c) As contributions for the purpose of financing a specific Participating UN Organisation – the Project(s) concerned will then be subsequently

¹ The sectors and cross-cutting themes include: Education; health; employment creation; water and sanitation; transport and telecommunications; electricity; housing and land management; urban management; agriculture, water resources and food security; finance; state-owned enterprises; investment climate; mine action; government institutions, rule of law, civil society and media; macroeconomics; economic management; cultural heritage; drugs and crime; human rights; gender; and, environment.

determined by the Participating UN Organisation and the Trust Fund Steering Committee;

- d) As contributions for the purpose of financing a specific Participating UN Organisation in a specific sector of activity – the Project(s) concerned will then be subsequently determined by the Participating UN Organisation and the Trust Fund Steering Committee.

3. Contributions to the UNDG ITF may be accepted in fully convertible currency or in any other currency that can be readily utilized. Such contributions shall be deposited into bank accounts designated by UNDP. Each individual contribution should amount to the equivalent of at least US\$200,000.

4. The value of a contribution-payment, if made in 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 UNDG ITF Account, established to transfer funds to Participating UN Organisations by the Administrative Agent.

5. Each Participating UN Organisation shall establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it from the UNDG ITF Account. Each Participating UN Organisation assumes full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. The separate ledger account established by the Participating UN Organisation shall be administered by the respective Participating UN Organisation in accordance with its own regulations, rules, directives and procedures, including those relating to interest. The respective separate ledger accounts shall be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the concerned Participating UN Organisation.

6. As the Administrator of the Fund, UNDP will be responsible for receiving all donor contributions in the UNDG ITF Account established for this purpose, and in turn, will make contribution-payments to the respective Participating UN Organisation as soon as possible after the donor funds and instructions from the Trust Fund Steering Committee, as appropriate, are received.

7. Where the uncommitted 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 disbursement, if any, in accordance with the Trust Fund Steering Committee's instructions. The Administrative Agent shall promptly notify the Donor in such circumstances and shall advise the Donor of the Trust Fund Steering Committee's decision in that regard.

III. Utilization of the Fund

1. The Fund shall be utilized for the purpose of meeting the costs of the Projects carried out by the Participating UN Organisations. Details of such Projects, including the respective Project budgets, shall be as set out in the relevant Participating UN Organisation's Project documents. The Projects selected for funding will be part of a priority programme of activities prepared in consultation with the Government of Iraq based on its development objectives and priorities in the National Development Strategy (NDS) and the International Compact with Iraq (ICI) . The Iraq Strategic Review Board (ISRB) provides overall guidance and holds the final approval Authority for the Government of Iraq on Project funding.

2. The categories of expenditures that will be eligible for financing from the UNDG ITF are: (a) investment and capital expenditures, including pre-feasibility studies, strategic supplies and incremental recurrent costs directly relating to the supported investment and capital expenditures; (b) technical assistance and training; and (c) service delivery.

3. The UNDP's administrative fee is [in the range 0.75 to 1.75] percent. It will be deducted from contributions to the UNDG ITF at the time they are deposited. UNDP may invest contribution funds pending their disbursement in any instrument in which UNDP is authorized to invest its own funds. Investment income earned on the contribution funds will be deposited into the account to be used for purposes of the UNDG ITF. In addition to the above administrative fee, UNDP may also deduct from the UNDG ITF and transfer to itself the actual costs of its support to the Secretariat, and of UNDP staff supporting the Trust Fund Steering Committee in analysing and appraising activities supported by the Fund. On a semi-annual basis, UNDP will notify the Donor Committee of the amounts used for such purposes.

IV. Administration of the Fund and Management Arrangements

1. The overall management of the UNDG ITF activities will be led and coordinated by a UNDG Iraq Trust Fund Steering Committee, which will be chaired by the Deputy Special Representative of the Secretary General (DSRSG), or his/her representative, and include representatives of the UN Country Team (UN CT).

2. The responsibilities of the UNDG Iraq Trust Fund Steering Committee will include the following:

- Review and final approval of Project proposals and resource allocations, based on Iraqi priorities and plans, ISRB approvals and donor agreements;
- Internal UN review of Fund requirements and priorities;
- Review and approval of the Fund's annual reports, and;
- Overall monitoring and evaluation of UN implemented Projects under the UNDG ITF.

3. The undg Iraq Trust Fund Steering Committee will meet regularly or as determined by the DSRSG. Decisions will be made in close consultation with the Donor Committee and Government of Iraq. Decisions on the selection of an implementing UN Organisation will be made based on demonstrated operational and absorptive capacity and expertise.

4. UNDP's responsibilities as Administrative Agent will include the following:

- Receipt, administration and management of contributions from Donors;
- Disbursement of such funds to the Participating UN Organisations;
- Consolidation of financial and programmatic reports based on submissions by each of the Participating UN Organisations, and provision of such consolidated reports to each donor that has contributed to the Fund;

5. The Participating UN Organisations would sign a standardized Memorandum of Understanding (MOU) with UNDP, setting out the terms and conditions under which UNDP would work as Administrative Agent and the Participating UN Organisations would receive and use funds from the undg ITF account.

6. Each Donor would sign a standardized Letter of Agreement (LOA) with UNDP as Administrative Agent, setting out the terms and conditions governing the receipt and administration of the contributions.

7. Project-level management, procurement and expenditures shall be governed by the regulations, rules and directives of the respective Participating UN Organisations.

V. Implementation and Budgeting of Funds

1. The aggregate of the amounts budgeted for the Projects together with any estimated payments in respect of indirect costs shall not exceed the total resources available to the undg ITF.

2. If unforeseen increases in commitments or expenditures are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) the assistance to be provided under the undg ITF may be reduced, suspended or terminated by the respective Participating UN Organisation.

VI. Ownership of Equipment, Supplies and Other Property

Ownership of equipment, supplies and other property financed from the undg ITF shall vest in the respective Participating UN Organisation undertaking the activities. Matters relating to the transfer of ownership by the Participating UN Organisation shall be determined in accordance with the applicable policies and procedures of the Participating UN Organisation.

VII. Audit

Project level auditing shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the respective Participating UN Organisation. The activities of the Administrative Agent shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

VIII. Reporting

Consolidated Fund level reporting will be provided to all UNDG ITF Donors by UNDP, as Administrative Agent, on a semi-annual basis. The UNDP Administrator shall also provide to the UNDP Executive Board an annual report on the activities of the UNDG ITF prepared in accordance with UNDP accounting and reporting procedures, which shall provide information on income and expenditure incurred during the previous year.

IX. Other Matters

1. Notwithstanding the completion of the Projects financed from the UNDG ITF, any unutilized balances shall continue to be held in the UNDG ITF account until all commitments and liabilities incurred in implementation of the Projects have been satisfied and Project activities have been brought to an orderly conclusion.
2. The Fund shall terminate upon completion of all Projects funded through the UNDG ITF and after satisfaction of all commitments and liabilities. Any balance then remaining shall be disposed of by the Trust Fund Steering Committee in consultation with the Donor(s).