Agreement between
The Government of Spain
And
The United Nations Development Programme

WHEREAS, the Government of Spain wishes to support the critical role of the United Nations in the achievement of the Millennium Development Goals (MDGs);

WHEREAS, the Government of Spain and the United Nations Development Programme (hereafter referred to as “the Signatories”) have an existing strategic partnership embodied in the “Framework Agreement/Acuerdo Marco” signed by the Signatories on 13 April 2005; and

WHEREAS, to this end, the Government of Spain has decided to contribute 528 million Euros to the Spain-UNDP MDG Achievement Fund (the “Fund”) to be managed by the United Nations Development Programme (UNDP) under the terms and conditions described below.

NOW, THEREFORE, the Signatories hereto agree as follows:

I. Purpose

The purpose of the Fund is to support activities in the seven priority areas established by the Spanish Master Plan for International Cooperation (2005-2008) and as reflected in the Framework Document (Annex 1). The establishment of this Fund and management thereof by UNDP represent a strategic partnership between the Government of Spain and UNDP. The Fund shall be managed through two windows: a global window supporting the core mandates of United Nations Funds, Programmes and Agencies (“UN Agencies”) and other development organizations, and a country window supporting UN Country Team initiatives, as further described in the attached Framework Document.
II. Governance

UNDP shall manage the Fund in accordance with its applicable Financial Regulations and Rules, policies and procedures.

A Steering Committee comprised of UNDP, the Government of Spain and independent, recognized development experts as may be appropriate, will be constituted to make all final decisions regarding the activities to be financed. Such decisions shall be made by consensus. The Steering Committee shall establish its Terms of Reference as well as the Terms of Reference of Technical Sub-Committees. The Technical Sub-Committees will be composed of representatives of the concerned UN Agencies as well as the members of the Steering Committee. The Technical Sub Committees will be established to provide technical and substantive recommendations to the Steering Committee on all programme proposals submitted to the Fund. A Technical Sub-Committee will be established for each of the seven priority areas.

III. Contribution

The Government of Spain shall deposit the Contribution by wire transfer, in Euros, to the following account on the basis of the financial regulations of the Government of Spain:

<table>
<thead>
<tr>
<th>Bank Name:</th>
<th>JPMorgan Chase Bank N.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>E1 8DE, England</td>
</tr>
<tr>
<td>Account Name:</td>
<td>MDG Achievement Fund (Euro) Account</td>
</tr>
<tr>
<td>Account Number:</td>
<td>35405601</td>
</tr>
<tr>
<td>SWIFT:</td>
<td>CHASGB2L</td>
</tr>
<tr>
<td>(Eur) IBAN Number:</td>
<td>GB45CHAS60924235405601</td>
</tr>
</tbody>
</table>

1. The Contribution of Euro 528 million will be recorded at the time of receipt as deferred income in the balance-sheet of UNDP and will be utilized over a 3-4 year period, or as otherwise agreed by the Steering Committee. Thereafter, based on the decision of the Steering Committee an annual instalment will be recorded and reflected as income in the appropriate UN Agencies' financial statements for each individual year.

2. The initial US dollar value of the Contribution shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Any subsequent change in value of the balance of funds will be determined and recorded by applying the United Nations operational rate of exchange in effect on the date of accounting revaluation.

3. All financial accounts and statements shall be expressed in United States dollars.
IV. Accountability

UNDP shall be accountable for holding the Contribution in the deferred income account as set forth herein until such time that the Steering Committee determines the amounts to be disbursed to UN Agencies, UN Country Teams or other development organizations. Resources allocated by the Steering Committee to UN Agencies shall be received and managed by the respective UN Agencies in accordance with their respective Financial Regulations and Rules. For disbursement to UN Country Teams using the pass through modality in connection with a joint programme, the standard accountability arrangements set out in the United Nations Development Group (UNDG) Guidance Note and annexes shall apply.

V. Financial Arrangements

Except for contributions to the core mandates of the UN Agencies, each UN Agency receiving resources from the Fund shall be entitled to deduct its indirect costs from the contribution, in accordance with its applicable Financial Regulations and Rules, and decisions of its governing bodies. Where the pass through mechanism is used in connection with a joint programme, the standard cost recovery arrangements set out in the UNDG instruments shall be used.

In addition, UNDP will charge the standard administration fee for overall management and administration of the Fund according to financial regulations and rules. Detailed arrangements will be finalized by the Steering Committee.

The Steering Committee shall decide on the use of any unutilized balance of the Fund once activities are completed.

Interest accrued shall be redeployed to the resources of the Fund for purposes to be determined by the Steering Committee.

VI. Audit

Activities carried out by the UN Agencies shall be subject to internal and external audit as articulated in their applicable Financial Regulations and Rules. In addition, the Steering Committee will consult with the UN Agencies on any additional specific audits or reviews that may be required, subject to the respective Financial Regulations and Rules of the UN Agencies.

VII. Reporting

With respect to contributions to the core mandates of the UN Agencies from the global window, each Agency shall report on such contributions to their governing bodies as set out in their respective Financial Regulations and Rules.
With respect to other contributions disbursed from the Fund, and where the pass through mechanism is used, UNDP shall provide the Government of Spain with the following reports, based on reports provided to UNDP by each UN Agency or Country Team 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 Fund, 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; and

(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 UN Agencies of the year following the financial closing of the Project activities.

VIII. Monitoring and Evaluation

Monitoring and evaluation of the Project activities shall be undertaken in accordance with established rules and procedures of the UN Agencies, and as determined by the Steering Committee, subject to the respective regulations, rules, policies and procedures of the UN Agencies.

IX. Joint Communication

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 Government of Spain, the UN Agencies, and any other relevant parties.

Whenever possible and to the extent that it does not jeopardize the privileges and immunities of UN Agencies, and the safety and security of their staff, UN Agencies will promote donor visibility on information, project materials and at project sites, in accordance with their respective regulations, rules, policies and procedures.

X. Modification and termination of the Agreement

This Agreement may be modified only by written agreement between the Signatories. Either signatory may terminate this Agreement upon written notice of thirty days to the other signatory. In the event of termination, the Signatories shall agree on steps to bring the activities financed hereunder to a prompt and orderly conclusion.
XI. Dispute Settlement

As stipulated in Article V of the Spain-UNDP Framework Agreement/Acuerdo Marco, any dispute or controversy arising out of this Agreement between the Government of Spain and UNDP shall be resolved amicably through consultations and negotiations.

XII. Entry Into Force

The present Agreement will enter into force upon signature by both Signatories.

Signed in New York, 18 December 2006, in duplicate originals, in the Spanish and English languages, with each being equally authentic.

For the Government of Spain:

Leire Pajín Iraola
Secretary of State for International Cooperation

For the United Nations Development Programme:

Kemal Derviş
UNDP Administrator