

**Memorandum of Understanding
Between
The Recipient UN Organisations
and
The United Nations Development Programme
regarding the Operational Aspects of the Peacebuilding Fund**

WHEREAS, the General Assembly of the United Nations has requested the Secretary-General in its resolution 60/180 of 30 December 2005, to establish a multi-year standing Peacebuilding Fund (PBF) to support post-conflict peacebuilding activities, which has been endorsed by the General Assembly in resolution A/60/287 of 21 September 2006 on "The Peacebuilding Fund;"

WHEREAS, under the Terms of Reference ("TOR") for the PBF contained in the annex to the Secretary-General's report A/60/984 of 22 August 2006 on "Arrangements for establishing the Peacebuilding Fund," attached hereto as Annex I, and incorporated herein by reference into this MOU, UNDP has been appointed to serve as the fund manager (Administrative Agent), responsible for the administration of the Fund, under the overall direction and guidance of the head of the Peacebuilding Support Office (PBSO);

WHEREAS, the United Nations and UNDP have agreed on the terms and conditions under which UNDP will serve as Administrative Agent of the PBF and disburse funds to recipient UN Organizations who choose to participate in Projects funded through the PBF, as set forth in the Memorandum of Understanding attached hereto as Annex II (hereinafter UN MOU); and

WHEREAS, the recipient UN Organisations have agreed to receive funds through the PBF and carry out Projects in accordance with the Terms of Reference and the UN MOU, and this Memorandum of Understanding.

NOW, THEREFORE, UNDP and the recipient UN Organizations (hereinafter referred to collectively as the "Parties") hereby agree as follows:

Article I
Fund Management

1. UNDP will serve as Administrative Agent on the terms set out in the Terms of Reference for the PBF and the UN MOU. The Administrative Agent carries out its functions on the understanding that recipient UN Organizations receiving funds from the PBF assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent.

2. None of the recipient UN Organizations shall be liable for the acts or omissions of the Administrative Agent or its personnel, or of persons performing services on its behalf,

except in regard to any contributory acts or omissions of the other recipient UN Organizations. With respect to such contributory acts or omissions of the recipient UN Organizations, the resulting liability shall be apportioned among them or any one of them to the extent of such contributory acts or omissions, or as may otherwise be agreed.

Article II **Financial Matters**

The Administrative Agent

1. The Administrative Agent shall establish, manage and make disbursements from the PBF Account in accordance with the UN MOU, the Terms of Reference, and its regulations, rules, directives and procedures, including those relating to interest.

2. The Administrative Agent shall make disbursements from the PBF Account in accordance with the TOR for the PBF and this MOU, in line with the budget of the Project approved by the Special Representative of the Secretary-General (SRSG), or the Representative of the Secretary-General (RSG), or the Resident Coordinator/Humanitarian Coordinator (RC/HC) where there is no peacekeeping or peacebuilding mission (hereinafter "SRSG"), in agreement with the Government counterparts. The disbursements shall consist of direct and indirect costs as set out in the approved Project.

3. The Administrative Agent shall also make emergency disbursements from the PBF Account and all related accounts, referred to in Article I, paragraph 4(f) of the UN MOU, as instructed in writing by the head of the PBSO.

1. Each recipient UN Organization shall advise the Administrative Agent in writing of the bank account for transfers pursuant to this Memorandum of Understanding. When making a transfer to a recipient UN Organization, the Administrative Agent will notify that recipient UN Organization's Treasury Operations of the following: (a) the amount transferred, (b) the value date of the transfer; (c) that the transfer is from UNDP as Administrative Agent in respect of the PBF pursuant to this Memorandum of Understanding; and (d) the name or title of the Project.

The Recipient UN Organizations

5. Each recipient UN Organization shall 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 PBF Account. That separate ledger account shall be administered by each recipient UN Organization in accordance with its own regulations, rules, directives and procedures, including those relating to interest. That separate ledger 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 recipient UN Organization.

6. Each recipient UN Organization shall use the funds disbursed to it by the Administrative Agent from the PBF Account to carry out the activities for which it is responsible as set out in the specific Project approved by SRSG in agreement with the Government counterparts, covering both direct and indirect costs. The recipient UN Organizations shall commence and continue to conduct operations only upon receipt of disbursements in advance of implementation of the approved project activities. The recipient UN Organizations shall not make any commitments above the amounts budgeted in the approved Projects. If the recipient UN Organisation anticipates the need to incur expenditures above the budgeted amounts, such recipient UN Organization shall request the necessary additional funding from the SRSG, and through him, the Government counterparts. If no such further financing is available, the activities to be carried out under the PBF may be reduced or, if necessary, terminated by the recipient UN Organizations.

7. The Administrative Agent and the recipient UN Organisations shall be entitled to deduct their indirect costs on contributions received in accordance with the following formula: (i) the Administrative Agent's administrative fee of 1 %. The fee will be deducted from the Contribution to the PBF at the time it is deposited; and (ii) indirect costs of the recipient UN Organizations will be based on the applicable regulations and rules of the recipient UN Organizations, taking into account the size and complexity of the particular Project and will be reflected in the Projects approved by the SRSG in agreement with the Government counterparts. It is expected that such costs will be in the range of 5%-9%, with an average of approximately 7%.

8. In addition to the above administrative fee and the indirect costs of between 5% and 9%, the Administrative Agent may also deduct (a) direct cost related to the implementation by PBSO of activities related to the PBF; (b), expenditures related to the Advisory Group; (c) support to the office of the SRSG and the national counterparts involved in the review of projects submissions and (d) subject to prior agreement between the Parties, tasks requested of the Administrative Agent by the PBSO that fall outside its administrative agent responsibilities specified in Article I, Paragraph 2. Payment of direct costs shall be approved in writing by the head of the PBSO. The total management fees for both programme implementation and fund management shall not exceed 11%.

Article III Activities of the recipient UN Organisations

1. Each of the recipient UN Organisations shall carry out its activities contemplated in the approved Projects, in accordance with the regulations, rules, directives and procedures applicable to it. 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. On the termination or expiration of this Agreement, the matter of ownership of such equipment and supplies shall be determined in accordance with the regulations, rules, directives and procedures applicable to such recipient UN Organizations.

2. The Administrative Agent shall be notified in writing through the SRSR of any change in the budget as set out in the approved Project.

3. Through the recipient UN Organizations, other international organizations, non-governmental organizations and national institutions may receive funds from the PBF based on a project agreement concluded with such entities as implementing partners of the concerned recipient UN Organization, in accordance with the regulations, rules and procedures of that recipient UN Organization. Use of funds, reporting obligations, liability, audit and other related matters to management of the funds provided and the activities shall be addressed in such project agreements in the manner that is customary for the concerned recipient UN Organization.

4. Where a recipient UN Organization wishes to carry out its Projects through or in collaboration with a third party, it shall be responsible for discharging all commitments and obligations with such third parties, and no other recipient UN Organization, or the Administrative Agent or the PBSO, shall be responsible for doing so.

5. In carrying out their activities, none of the recipient UN Organizations shall be considered as an agent of any of the others and, thus, the personnel of one shall not be considered as staff members, personnel or agents of any of the others. Without restricting the generality of the preceding sentence, none of the recipient UN Organizations shall be liable for the acts or omissions of the others or their personnel, or of persons performing services on their behalf. In no event shall the Administrative Agent or the PBSO be liable or responsible for the acts or omissions of the recipient UN Organizations or any one of them in carrying out their activities.

6. Each recipient UN Organization shall advise the Administrative Agent and the SRSR in writing, when all activities for which it is responsible under the PBF have been completed.

Article IV **Reporting**

1. Each recipient UN Organization shall provide the Administrative Agent with the following statements and reports prepared in accordance with the accounting and reporting procedures applicable to it:

- (a) Narrative progress reports for each twelve-month period, to be provided no later than two months after the end of the applicable reporting period;
- (b) Annual financial reports as of 31 December each year with respect to the funds disbursed to it from the PBF, to be provided no later than three months after the end of the applicable reporting period;
- (c) A final narrative report and financial report, after the completion of all project activities financed from the PBF and including the final year of the project activities, to be provided no later than 30 April of the year following the financial closing of the Project activities; and

- (d) A final certified financial statement to be provided no later than 30 June of the year following the financial closing of the project activities.
- 2.. The Administrative Agent shall provide a financial report and a final certified financial statement to the PBSO, Donors and recipient UN Organizations, on its activities as Administrative Agent, to be provided no later than 30 June of the year following establishment of the PBF and each year thereafter.

Article V
Monitoring and Evaluation

1. Monitoring and evaluation of the PBF shall take place in accordance with the mechanisms set out in the UN MOU.
2. Monitoring and evaluation of the Projects shall be undertaken by the respective recipient UN Organizations in accordance with the provisions contained in the approved Projects, which are to be consistent with the respective regulations, rules and procedures of the recipient UN Organizations.
3. In addition, the Advisory Group or head of the PBSO may request an independent lessons-learned and review exercise(s) relating to the operations of the PBF to be undertaken.

Article VI
Joint Communication

1. Each recipient UN Organization shall take appropriate measures to publicize the PBF and to give due credit to the other recipient UN Organizations. Information given to the press, to the beneficiaries of the assistance provided through the PBF, all related publicity material, official notices, reports and publications, shall acknowledge the role of the Government counterparts, the United Nations, the recipient UN Organizations, the Administrative Agent and any other relevant parties. In particular, the Administrative Agent will include and ensure due recognition of the role of the PBSO and Government partner in all external communications relating to the PBF.
2. In addition, whenever possible and to the extent that it does not jeopardize the privileges and immunities of recipient UN Organizations, and the safety and security of their staff, recipient 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 VII
Expiration, modification and termination of the Agreement

1. This Memorandum of Understanding shall expire upon termination of the PBF, subject to the continuance in force of paragraph 5 below for the purposes therein stated.

In the event that the Administrative Agent's functions are earlier terminated by the United Nations, the obligations of the Administrative Agent set forth herein shall revert to the United Nations, unless otherwise decided by the United Nations, and notified to recipient UN Organizations.

2. This Memorandum of Understanding may be modified only by written agreement between the Parties, subject to agreement of the PBSO.

3. Any of the recipient UN Organizations may withdraw from this Memorandum of Understanding upon giving thirty (30) days' written notice to all other parties to this Memorandum of Understanding stating that it has given notice, of its withdrawal from the Memorandum of Understanding.

4. Obligations assumed by the Parties under this Memorandum of Understanding shall survive the expiration or termination of this Memorandum of Understanding or the withdrawal of a recipient UN Organization 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 individual recipient UN Organizations' separate ledger accounts shall be used for a purpose mutually agreed upon by the PBSO, the respective recipient UN Organization, and the Administrative Agent.

Article VIII Notices

1. Any action required or permitted to be taken under this Memorandum of Understanding may be taken on behalf of the Administrative Agent by the Executive Coordinator of the PBF, or his or her designated representative and on behalf of a recipient UN Organization by the official indicated below, or his or her designated representative.

2. Any notice or request required or permitted to be given or made in this Memorandum of Understanding 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 in Annex III to this Memorandum of Understanding or at such other address as the party shall have specified in writing to the party giving such notice or making such request.

Article IX
Entry into force

This Memorandum of Understanding shall enter into force upon signature by authorized officials of the Parties and shall continue in full force and effect until it is expired or terminated.

Article X
Settlement of disputes

The Parties shall use their best efforts to promptly settle through direct negotiations any dispute, controversy or claim arising out of or in connection with this Memorandum of Understanding or any breach thereof. Any such dispute, controversy or claim which is not settled within sixty (60) days from the date either party has notified the other party of the nature of the dispute, controversy or claim and of the measures which should be taken to rectify it, shall be resolved through consultation between the Executive Heads of each of the recipient UN Organizations and of the Administrative Agent.

IN WITNESS WHEREOF, the undersigned, duly authorized representatives of the respective Parties, have signed this Memorandum of Understanding in English.

For the Administrative Agent:

Signature: (sign)
Name: Bisrat Aklilu
Title: Executive Coordinator, UNDP MDTF Office
Place: New York
Date: 24 January 2007

For the United Nations Children's Fund:

Signature: (sign)
Name: Toshiyuki Niwa
Title: Deputy Executive Director
Place: New York
Date: 24 January 2007

For the United Nations Development Programme:

Signature: (sign)
Name: Kathleen Cravero
Title: Assistant Administrator and Director, BCPR
Place: New York
Date: 25 January 2007

For the United Nations Population Fund:

Signature: (sign)
Name: Jean-Noel Wetterwald
Title: Chief, Resource Mobilization Branch
Place: New York
Date: 5 February 2007

For the United Nations Office for Project Services:

Signature: (sign)
Name: Karsten Bloch
Title: OiC, UNOPS
Place: Copenhagen
Date: 15 February 2007

For the United Nations Development Fund for Women:

Signature: (sign)
Name: Noeleen Heyzer
Title: Executive Director
Place: New York
Date: 15 February 2007

For the United Nations High Commissioner for Refugees:

Signature: (sign)
Name: Colin Mitchell
Title: Controller & Director, DFAM
Place: Geneva
Date: 21 February 2007

For the United Nations Educational, Scientific & Cultural Organization:

Signature: (sign)
Name: Koichiro Matsuura
Title: Director-General
Place: Paris
Date: 22 February 2007

For the International Labour Organization:

Signature: (sign)
Name: Maria Angelica Ducci
Title: Executive Director
Place: Geneva
Date: 9 March 2007

For the World Food Programme:

Signature: (sign)
Name: John M. Powell
Title: Deputy Executive Director, Fundraising and Communications Department
Place: Rome
Date: 10 September 2007

For United Nations Industrial Development Organization:

Signature: (sign)
Name: Kandeh K. Yumkella
Title: Director-General
Place: Vienna
Date: 9 November 2007

For the Food and Agricultural Organization:

Signature: (sign)
Name: Anne M. Bauer
Title: Director, Emergency Operations and Rehabilitation Division, Tech. Coop. Dept.
Place: Rome
Date: 11 March 2008

For the United Nations Capital Development Fund:

Signature: (sign)
Name: Henriette Keijzers
Title: Executive Secretary a.i.
Place: New York, USA
Date: 24 March 2008

For the United Nations Human Settlements Programme (UN-HABITAT)

Signature: (sign)
Name: Antoine King
Title: Director, Programme Support Division
Place: Nairobi, Kenya
Date: 19 May 2008

For the United Nations Office on Drugs and Crime (UNODC)

Signature: (sign)
Name: Johan Weijers
Title: OIC, Division of Policy Analysis and Public Affairs and Chief Co-Financing and Partnership Section
Place: Vienna, Austria
Date: 15 July 2008

For the Office of the High Commissioner for Human Rights (OHCHR)

Signature: (sign)
Name: Kyle F. ward
Title: Chief, Programme Support and Management Services
Place: Geneva, Switzerland
Date: 19 November 2008

ANNEX I: PBF Terms of Reference
ANNEX II: PBF Memorandum of Understanding UN-UNDP
ANNEX III: Notices

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