

**MEMORANDUM OF UNDERSTANDING (MOU)
FOR THE
IRAQ UNITED NATIONS
DEVELOPMENT ASSISTANCE FRAMEWORK FUND (IRAQ UNDAF FUND)**

11 January 2011

**Memorandum of Understanding
between
Participating UN Organizations¹
and
the United Nations Development Programme
regarding the Iraq UNDAF Fund**

WHEREAS, the **Participating United Nations Organizations** signing this Memorandum of Understanding (hereinafter referred to collectively as the "Participating UN Organizations") have developed the Iraq UNDAF Fund starting on 1 January 2011 and ending on 31 December 2014 (hereinafter referred to as the "Fund"), as may be amended from time to time, as part of their respective development cooperation with the Government of Iraq, as more fully described in the Terms of Reference of the Fund dated 01 December 2010, (hereinafter referred to as the "TOR", a copy of which is attached hereto as ANNEX A, and have agreed to establish a coordination mechanism (hereinafter referred to as the "Steering Committee")² to facilitate the effective and efficient collaboration between the Participating UN Organizations and the Government of Iraq for the implementation of the Fund;

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

WHEREAS, the Participating UN Organizations have further agreed to ask the United Nations Development Programme (which is also a Participating UN Organization in connection with this Fund) to serve as the administrative interface between the donors and the Participating UN Organizations and for these purposes the United Nations Development Programme has agreed to do so in accordance with this Memorandum of Understanding.

NOW, THEREFORE, the Participating UN Organizations and the United Nations Development Programme (hereinafter referred to collectively as the "Participants") hereby agree as follows:

Section I
Appointment of Administrative Agent; its Status, Duties and Fee

1. The Participating UN Organizations hereby appoint the United Nations Development Programme (hereinafter referred to as the "Administrative Agent") to serve as their Administrative Agent in connection with the Fund, in accordance with the terms and conditions set out in this Memorandum of Understanding. The United Nations Development Programme, through its Multi- Donor Trust Fund Office (MDTF Office) accepts this appointment as the Administrative Agent on the understanding that the Participating UN Organizations assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. This appointment will continue until it expires, or is terminated, in accordance with Section VIII below.
2. On behalf of the Participating UN Organizations, the Administrative Agent will:
 - (a) Receive contributions from donors that wish to provide financial support to the Fund;

¹ As indicated in the signature blocks.

- (b) Administer such funds received, in accordance with this Memorandum of Understanding including the provisions relating to winding up the Fund Account and related matters;
 - (c) Subject to availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with instructions from the Steering Committee, taking into account the budget set out in the approved programmatic document³, as amended in writing from time to time by the Steering Committee;
 - (d) Consolidate statements and reports, based on submissions provided to the Administrative Agent by each Participating UN Organization, as set forth in the TOR, and provide these to each donor that has contributed to the Fund Account and to the Steering Committee;
 - (e) Provide final reporting, including notification that the Fund has been fully expended or has been wound up in accordance with the Fund TOR, in accordance with Section IV below;
 - (f) Disburse funds to any Participating UN Organization for any additional costs of the task that the Steering Committee may decide to allocate (as referred to in Section I, Paragraph 3) in accordance with TOR.
3. The Steering Committee may request any of the Participating UN Organizations, to perform additional tasks in support of the Fund not related to the Administrative Agent functions detailed in Section I, Paragraph 2 above and subject to the availability of funds. Costs for such tasks will be agreed in advance and with the approval of the Steering Committee be charged to the Fund as direct costs.
 4. The Administrative Agent will enter into a Standard Administrative Arrangement, in the form attached hereto as ANNEX B (hereinafter referred to as an "Administrative Arrangement"), with each donor that wishes to provide financial support to the Fund through the Administrative Agent. The Administrative Agent will not agree with the Donor to amend the terms of Annex B without prior written agreement of the Participating UN Organizations. The Administrative Agent will ensure the posting of a copy of the Administrative Arrangement it enters into, as well as information on donor contributions, on the website of the Administrative Agent (mdtf.undp.org), as well as the website of the UNCT in Iraq (<http://iq.one.un.org>) as appropriate.
 5. None of the Participating UN Organizations will be responsible for the acts or omissions of the Administrative Agent or its personnel, or of persons performing services on its behalf, except in regard to its respective contributory acts or omissions. With respect to contributory acts or omissions of the Participating UN Organizations, the resulting responsibility will be apportioned among them or any one of them to the extent of such contributory acts or omissions, or as may otherwise be agreed. In addition, donors will not be directly responsible for the activities of any person employed by the Participating UN Organizations or the Administrative Agent as a result of this Memorandum of Understanding.
 6. The Administrative Agent will be entitled to allocate an administrative fee of one percent (1%) of the amount contributed by each donor signing an Administrative Arrangement, to meet the Administrative Agent's costs of performing the Administrative Agent's functions described in this Memorandum of Understanding.
 7. Where the Administrative Agent is also a Participating UN Organization, a clear delineation, including distinct reporting lines and an accountability framework, will be established and maintained within the

³ As used in this document, an approved programmatic document refers to an annual work plan or a programme/project document, etc., which is approved by the Steering Committee for fund allocation purposes.

organization designated as the Administrative Agent between its functions as an Administrative Agent and its functions as a Participating UN Organization.

Section II **Financial Matters**

The Administrative Agent

1. The Administrative Agent will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received pursuant to Administrative Arrangement (hereinafter, the "Fund Account"). The Fund 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 Fund 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.
2. The Administrative Agent will not absorb gains or losses on currency exchanges which will increase or decrease the funds available for disbursements to Participating UN Organizations.
3. Subject to the availability of funds, the Administrative Agent will make disbursements from the Fund Account based on instructions from the Steering Committee, in line with the budget set forth in the programmatic document, as amended from time to time by the Steering Committee. The disbursements will consist of direct and indirect costs as set out in the budget.
4. The Administrative Agent will normally make each disbursement within three (3) to five (5) business days after receipt of the relevant approved programmatic document, in accordance with the instructions received from the Steering Committee in line with the TOR, along with a copy of the relevant approved programmatic document, signed by all the parties concerned. The Administrative Agent will transfer funds to each Participating UN Organization through wire transfer. Each Participating UN Organization will advise the Administrative Agent in writing of the bank account for transfers pursuant to this Memorandum of Understanding. When making a transfer to a Participating UN Organization, the Administrative Agent will notify that Participating UN Organization'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 United Nations Development Programme in respect of the Iraq UNDAF Fund pursuant to this Memorandum of Understanding.
5. Where the balance in the Fund Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Steering Committee and make a disbursement, if any, in accordance with the Steering Committee's instructions.

The Participating UN Organizations

6. 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 by the Administrative Agent from the Fund Account. 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 concerned.
7. Each Participating UN Organization will use the funds disbursed to it by the Administrative Agent from the Fund Account to carry out the activities for which it is responsible as set out in the approved programmatic

document, as well as for its indirect costs. The Participating UN Organizations will commence and continue to conduct operations for the programmatic activities only upon receipt of disbursements as instructed by the Steering Committee. The Participating UN Organizations will not make any commitments above the approved budget in the approved programmatic document, as amended from time to time by the Steering Committee. If there is a need to exceed the budgeted amount, the Participating UN Organization concerned will submit a supplementary budget request to the Steering Committee.

8. Indirect costs of the Participating UN Organizations recovered through programme support costs will be 7%. In accordance with the UN General Assembly resolution 62/208 (2007 Triennial Comprehensive Policy Review principle of full cost recovery), all other costs incurred by each Participating UN Organization in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Section III **Activities of the Participating UN Organizations**

1. The implementation of the programmatic activities will be the responsibility of the Participating UN Organizations and will be carried out by each Participating UN Organization in accordance with its applicable regulations, rules, directives and procedures. On the termination or expiration of this Memorandum of Understanding, the matter of ownership of supplies and equipment will be determined in accordance with the regulations, rules, directives and procedures applicable to such Participating UN Organizations, including, where applicable, any agreement with the relevant host Government (if applicable).
2. Any modifications to scope of the approved programmatic document, including as to their nature, content, sequencing or the duration thereof will be subject to mutual agreement in writing between the relevant Participating UN Organization and the Steering Committee. The Participating UN Organization will promptly notify the Administrative Agent through the Steering Committee, of any change in the budget as set out in the programmatic document.
3. Where a Participating UN Organization wishes to carry out its programmatic activities through or in collaboration with a third party, it will be responsible for discharging all commitments and obligations with such third parties, and no other Participating UN Organization, nor the Administrative Agent, will be responsible for doing so.
4. In carrying out their programmatic activities, none of the Participating UN Organizations will be considered as an agent of any of the others and, thus, the personnel of one will 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 Participating UN Organizations will be liable for the acts or omissions of the other Participating UN Organizations or their personnel, or of persons performing services on their behalf.
5. Each Participating UN Organization will advise the Administrative Agent in writing when all activities for which it is responsible under the approved programmatic document have been completed.
6. The Participating UN Organizations recognize that the donors reserve the right to discontinue future contributions if reporting obligations are not met as set forth in the Administrative Arrangement; or if there are substantial deviations from agreed plans and budgets. If it is agreed among the donor(s), the Administrative Agent and the concerned Participating UN Organization under the Administrative Arrangement that there is evidence of improper use of funds, the Participating UN Organization will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Participating UN Organization will, in consultation with the Steering Committee and the Administrative Agent, credit any funds so recovered to the Fund Account or agree with the Steering Committee to use these

funds for a purpose mutually agreed upon. Before withholding future contributions or requesting recovery of funds and credit to the Fund Account, the Administrative Agent, the concerned Participating UN Organization and the donor will consult with a view to promptly resolving the matter.

7. The Participating UN Organizations recognize that it is important to take all necessary precautions to avoid corrupt, fraudulent, collusive or coercive practices. To this end, each Participating UN Organization will maintain standards of conduct that govern the performance of their staff, including the prohibition of corrupt, fraudulent, collusive or coercive practices, in connection with the award and administration of contracts, grants, or other benefits, as set forth in their Staff Regulations and Rules and Financial Regulations and Rules, including regarding procurement. In the event that a Participating UN Organization determines that an allegation in relation to the implementation of activities – including that corrupt, fraudulent, collusive or coercive practices may have taken place - is credible enough to warrant an investigation, it will promptly notify the Steering Committee and the Administrative Agent, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with in accordance with the Participating UN Organization's accountability and oversight framework and by the Participating UN Organization's unit in charge of investigations. Upon completion of the investigation, the Participating UN Organization will inform the Steering Committee and the Administrative Agent about the results of the investigation.
8. As an exceptional measure, particularly during the start up phase of the Fund, subject to conformity with their financial regulations, rules and directives, Participating UN Organizations may elect to start implementation of programmatic activities in advance of receipt of initial or subsequent transfers from the Fund Account by using their own resources. Such advance activities will be undertaken in agreement with the Steering Committee on the basis of funds it has allocated or approved for implementation by the particular Participating UN Organization following receipt by the Administrative Agent of an official commitment form or signature of the Administrative Arrangements by donors contributing to the Fund. Participating UN Organizations will be solely responsible for decisions to initiate such advance activities or other activities outside the parameters set forth above.

Section IV **Reporting**

1. Each Participating UN Organization will provide the Administrative Agent with the following statements and reports prepared in accordance with the accounting and reporting procedures applicable to the Participating UN Organization concerned, as set forth in the TOR. The Participating UN Organizations will endeavour to harmonize their reporting formats to the extent possible.
 - (a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;
 - (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Fund Account, to be provided no later than four months (30 April) after the end of the calendar year;
 - (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year 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 Fund. The final report will give a summary of results and achievements compared to the goals and objectives of the Fund; and

- (d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year 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 Fund.
2. The Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in paragraph 1 (a) to (d) above, and will provide those consolidated reports to each donor that has contributed to the Fund Account, as well as the Steering Committee, in accordance with the timetable established in the Administrative Arrangement.
3. The Administrative Agent will also provide the donors, Steering Committee and Participating UN Organizations with the following statements on its activities as Administrative Agent:
 - (a) Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year; and
 - (b) 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 Fund.
4. Consolidated reports and related documents will be posted on the websites of the UN in Iraq (<http://www.uniraq.org>) and the Administrative Agent (mdtf.undp.org).

Section V **Monitoring and Evaluation**

1. Monitoring and evaluation of the Fund will be undertaken in accordance with the provisions contained in the TOR, which are consistent with the respective regulations, rules and procedures of the Participating UN Organizations.
2. The donor(s), the Administrative Agent and the Participating UN Organizations will hold annual consultations, as appropriate, to review the status of the Fund.

Section VI **Audit**

1. The Administrative Agent and Participating UN Organizations will be audited in accordance with their own Financial Regulations and Rules and, in case of MDTFs, in accordance with the Framework for auditing multi-donor trust funds which has been agreed to by the Internal Audit Services of participating UN organizations and endorsed by the UNDG in September 2007.

Section VII **Joint Communication**

1. Each Participating UN Organization will take appropriate measures to publicize the Fund and to give due credit to the other Participating UN Organizations. Information given to the press, to the beneficiaries of the Fund, all related publicity material, official notices, reports and publications, will acknowledge the role of the host Government, the donors, the Participating UN Organizations, the Administrative Agent and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating UN Organization and national partner in all external communications relating to the Fund.

2. The Administrative Agent in consultation with the Participating UN Organizations will ensure that decisions regarding the review and approval of the Fund as well as periodic reports on the progress of implementation of the Fund, associated external evaluation are posted, where appropriate, for public information on the websites of UN in Iraq (<http://iq.one.un.org>) and the Administrative Agent (mdtf.undp.org). Such reports and documents may include Steering Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

Section VIII
Expiration, Modification and Termination

1. This Memorandum of Understanding will expire upon winding upon the Fund, subject to the continuance in force of paragraph 5 below for the purposes therein stated.
2. This Memorandum of Understanding may be modified only by written agreement between the Participants.
3. Any of the Participating UN Organizations may withdraw from this Memorandum of Understanding upon giving thirty (30) days' written notice to all other Participants to this Memorandum of Understanding subject to the continuance in force of paragraph 5 below for the purpose therein stated.
4. The Administrative Agent's appointment may be terminated by the Administrative Agent (on the one hand) or by the mutual agreement of all Participating UN Organizations (on the other hand) on thirty (30) days' written notice to the other party, subject to the continuance in force of paragraph 5 below for the purpose therein stated. In the event of such termination, the Participants will agree on measures to bring all activities to an orderly and prompt conclusion so as to minimize costs and expense.
5. Commitments assumed by the withdrawing or terminating Participants under this Memorandum of Understanding will survive the expiration or termination of this Memorandum of Understanding or the termination of the Administrative Agent or withdrawal of a Participating 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 Participants hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the Fund Account or in the individual Participating UN Organizations' separate ledger accounts upon winding up of the Fund will be used for a purpose mutually agreed upon or returned to the donor(s) in proportion to their contribution to the Fund as agreed upon by the donors and the Steering Committee.

Section IX
Notices

1. Any action required or permitted to be taken under this Memorandum of Understanding may be taken on behalf of the Administrative Agent, or his or her designated representative, and on behalf of a Participating UN Organization by the head of office in Iraq, or his or her designated representative.
2. Any notice or request required or permitted to be given or made in this Memorandum of Understanding 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 in ANNEX C to this Memorandum of Understanding or at such other address as the party will have specified in writing to the party giving such notice or making such request.

Section X
Entry into Effect

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

Section XI
Settlement of Disputes

1. The Participants will 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, will be resolved through consultation between the Executive Heads of each of the Participating UN Organizations and of the Administrative Agent.

IN WITNESS WHEREOF, the undersigned, duly authorized representatives of the respective Participants, have signed this Memorandum of Understanding in the English in **[number of signatories⁴]** copies.

For the Administrative Agent

Signature: _____
Name: Bisrat Aklilu
Title: Executive Coordinator, MDTF Office
Place: _____
Date: _____

For the United Nations Development Programme

Signature: _____
Name: Paolo Lembo
Title: Country Director for Iraq
Place: Amman
Date: 13.01.2011

For the United Nations Children's Fund

Signature: _____
Name: Sikander Khan
Title: UNICEF Representative
Place: Baghdad
Date: 13.01.2011

For the United Nations High Commissioner for Refugees

Signature: _____
Name: Daniel Endres
Title: UNHCR Representative
Place: Baghdad
Date: 13.01.2011

For the United Nations Educational, Scientific & Cultural Organization

Signature: _____
Name: Mohamed Djelid
Title: UNESCO Representative
Place: Amman
Date: 13.01.2011

For the International Labour Organization

Signature: _____
Name: Nada Al Nashif
Title: ILO, Regional Director
Place: _____
Date: 13.01.2011

⁴ Additional signatories can be included through addendum

For the Food and Agricultural Organization

Signature: _____

Name: Fadel El-Zubi

Title: Head of Mission

Place: Amman

Date: 12.01.2011

For the United Nations Industrial Development organization

Signature: _____

Name: Renato Fornocaldo

Title: UNIDO Special Representative

Place: Amman

Date: 13.01.2011

For the World Food Programme

Signature: _____

Name: Edward Kallon

Title: WFP Representative

Place: Amman

Date: 19.01.2011

For the United Nations Population Fund

Signature: _____

Name: Georges Georgi

Title: UNFPA Representative

Place: Amman

Date: 19.11.2011

For the United Nations Office for Project Services

Signature: _____

Name: Gerhard Pansegrouw

Title: UNOPS, IQOC Representative

Place: Amman

Date: 13.01.2011

For the United Nations Entity for Gender Equality and the Empowerment of Women.

Signature: _____

Name: Dena Assaf

Title: Regional Programme Director

Place: Amman

Date: 3.02.2011

For the World Health Organization

Signature: _____

Name: Sayed Jaffar Hussain

Title: WHO Representative

Place: Amman

Date: 13.01.2011

For the United Nations Human Settlements Programme

Signature: _____

Name: Doudou Mbye

Title: UN-HABITAT Representative

Place: Amman

Date: 20.11.2011

For the United Nations Environment Programme

Signature: _____

Name: Habib El-Habr

Title: UNEP, Director and Regional Representative, Regional office for Western Asia

Place: _____

Date: _____

For the United Nations Economic and Social Commission in Western Asia

Signature: _____

Name: David Hjanah

Title: Director of Administration

Place: Beirut

Date: 6.10.2011

For the United Nations Conference of Trade and Development

Signature: _____

Name: Manuela Tortora

Title: chief, Technical Cooperation Service

Place: _____

Date: 28.01.2011

This Memorandum of Understanding has been signed in the presence of:

Signature: _____

Name: Christine McNab

Title: UN Resident Coordinator in Iraq

Place: Baghdad

Date: 13.01.2011

ANNEX A: Terms of Reference

ANNEX B: Standard Administrative Arrangement between the Donor and the Administrative Agent

ANNEX C: Notices



Iraq
United Nations Development Assistance Framework
Fund

Terms of Reference

01 December 2010

UNITED NATIONS COUNTRY TEAM IN IRAQ



Food and Agriculture Organisation (FAO)



International Labour Organisation (ILO)



United Nations Children's Fund (UNICEF)



United Nations Conference on Trade and Development (UNCTAD)



United Nations Development Fund for Women (UNIFEM)



United Nations Development Programme (UNDP)



United Nations Educational, Scientific and Cultural Organisation (UNESCO)



United Nations Environment Programme (UNEP)



United Nations High Commissioner for Refugees (UNHCR)



United Nations Human Settlements Programme (UN-HABITAT)



United Nations Industrial Development Organisation (UNIDO)



United Nations Office on Drugs and Crime (UNODC)



United Nations Office for Project Services (UNOPS)



United Nations Population Fund (UNFPA)



World Food Programme (WFP)

UNITED NATIONS COUNTRY TEAM IN IRAQ



World Health Organization (WHO)



Economic Social Commission for Western Asia (ESCWA)



Office High Commission for Human Rights (OHCHR)



International Organization for Migration (IOM)



Office for the Coordination of Humanitarian Affairs (OCHA)

Definitions

Allocation

Amount approved by the relevant Steering Committee for a project/ programme.

Annual Work Plan (AWP)

The required UNDG ExCom agency Annual Work Plans set out the activities which will be undertaken during the year in order to reach the results specified in the agency's Country Programme Action Plan. The AWP's will include a timeframe, budget and responsibilities for completing the activities.

Approved Project/Programme

An Annual Work Plan, a project/programme document, etc., which is approved by the relevant Steering Committee(s) for fund allocation purposes.

Direct Costs

Costs that can be traced to or identified as part of the cost of a programme/ project in an economically feasible way.

Donor Commitment

A Donor contribution as per signed Letter of Agreement or Standard Administrative Arrangement with the UNDP Multi-Donor Trust Fund Office (MDTF Office), in its capacity as the Administrative Agent of the Fund.

Donor Deposit

Cash deposit received by the MDTF Office for the Fund.

Donor Pledge

An amount indicated as a voluntary contribution by a Donor to a Fund, which is not yet confirmed by a signed Letter of Agreement or Standard Administrative Arrangement with the UNDP Multi-Donor Trust Fund Office (MDTF Office), in its capacity as the Administrative Agent of the Fund.

Fund Account

Fund established by the Administrative Agent, on behalf of the Participating UN Organizations, for receipt of donor contributions

Indirect Cost

A general cost that cannot be directly related to any particular programme or activity of the organization. These costs are recovered in accordance with each organization's own financial regulations and rules.

Participating Organisations

Organisations that have signed a Memorandum of Understanding with the MDTF Office.

Project Financial Closure:

A project/ programme is considered financially closed when all financial obligations of an operationally completed project/ programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project/ programme is considered operationally closed when all activities for which a Participating Organization is responsible under the approved programmatic document have been completed.

Project/ Programme/ Joint Programme document

An annual work plan or a programme/ project document, etc., which is approved by the Steering Committee for fund allocation purposes.

Project Commitment

The amount for which legally binding contracts have been signed, including multi-year commitments which may be disbursed in future years.

Project Disbursement

The amount paid to a vendor or entity for goods received, work completed, and/or services rendered (does not include unliquidated obligations).

Project Expenditure

Amount of project disbursement plus unliquidated obligations related to payments due for the year. (except for UN Organisations that have adopted the International Public Sector Accounting Standards (IPSAS)).

Project Start date

Date of transfer of first instalment from the MDTF Office to the Participating Organization.

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1. Introduction

The Iraq United Nations Development Assistance Framework Fund (hereafter referred to as “the Fund”) is to support the first United Nations Development Assistance Framework (UNDAF) 2011-2014 for Iraq. The UNDAF articulates Iraq’s recovery and transition towards longer-term development by providing a coherent and coordinated strategy for the delivery of UN assistance in line with Iraq’s national priorities stipulated in the Iraq Five Year National Development Plan (NDP) 2010 – 2014.

The UNDAF embodies the Paris Principles and covers the full spectrum of the MDGs, enabling the United Nations Country Team⁵ (UNCT) to provide comprehensive support to the efforts of the Iraqi state to achieve the MDG goals by 2015. It will be implemented in an integrated manner in alignment with the global UN reform initiatives to Delivering as One (DaO) United Nations (UN).

A key component for coherent and effective implementation of the UNDAF is a multi-donor trust fund that is in line with the delivering as one approach. With leadership of the Resident Coordinator (RC) Office, in consultation with the UNCT, the Fund aims to provide a coherent and streamlined platform for resource mobilization, fund allocation and reporting of UNDAF programming in Iraq.

All programmes/ projects funded through the Fund will be in support of achieving the development outcomes within the five UNDAF Priority Areas and will ensure full national ownership and leadership. The Joint Programme (JP) mechanism will be the **preferred modality** enabling the UN organizations and national partners to work together to prepare, implement, monitor and evaluate activities towards the achievement of the UNDAF priorities. It is intended to avoid duplication, reduce transaction costs and maximize synergies, and will be encouraged where applicable.

The UNDAF has been developed in consultation with the UNCT, Government of Iraq (GoI) and other partners. It has been prepared in parallel with the NDP and builds on the key development issues identified by the first Common Country Assessment (CCA) for Iraq as outlined below:

National Development Plan and Poverty Reduction Strategy processes

The GoI, with support from the World Bank, developed the Poverty Reduction Strategy (PRS) 2010-2014 as part of the overall process that contributed to the NDP. The UNCT and World Bank have advocated for integration of the two strategies – to leverage synergies as well as ensure that the issues highlighted by the PRS are prioritized within the NDP. The PRS identified six outcomes to address poverty in Iraq: (i) higher income for the poor from work; (ii) improvement of health status of the poor; (iii) expansion and improvement of education of the poor; (iv) a better living environment for the poor; (v) effective social protection for the poor; and (vi) less inequality between poor women and men.

NDP priorities

The NDP provides the first medium-term planning framework for holistic development in Iraq. The NDP process has guided the development of UNDAF, whereby the UNDAF has been aligned with national development priorities (including population and labour force; agriculture; industry; tourism; infrastructure, including transportation and communication; water and sanitation; housing; education; health; women; children and

⁵ The UNCT Iraq comprises of 16 resident agencies including UNDP, UNICEF, UNHCR, UNIFEM, UNIDO, UNFPA, UN-HABITAT, ILO, OCHA, WHO, WFP, FAO, UNOPS, IOM and OHCHR, and 4 non-resident agencies including UN-ESCWA, UNEP, UNCTAD and UNODC

youth; vulnerable groups; poverty; MDGs; sustainable environment; spatial differentiation; and good governance).

CCA and UNDAF process

The Iraq UNDAF 2011-2014 is harmonized with the NDP 2010-2014. To develop this first UNDAF the UNCT launched a Common Country Assessment (CCA) process in June 2009, in addition to participating in the Government-led analysis phase of the NDP process. The UNCT technically supported the national planning process in line with UN principles, as well as providing inputs to the NDP document itself. By including analysts of the Central Office for Statistics (COS) and the Kurdistan Regional Statistics Office (KRSO) in the teams reviewing the NDP sectoral papers and preparing the CCA, the UNCT was able to ensure a standardized baseline of data for both processes.

2. The Iraq UNDAF Fund

2.1 Establishment of the Iraq UNDAF Fund

The Fund Start Date will be 1 January 2011 and will continue to operate until the Fund End Date of 31 December 2014. The final date for approval of new JPs and projects, final date for transfer of new funds and for operational closure of projects and JPs will be established based on the Fund End Date. In the spirit of providing a coherent response to Iraq's national challenges, all agencies will be encouraged to submit JPs for funding as this helps enhance the impact of UN's work while reducing the transaction costs including those related to reporting, monitoring and evaluation, etc.

The Fund will be established following the signature of the Memorandum of Understanding (MOU) by at least two Participating UN Organizations and will become operational following the signing of the first Standard Administrative Arrangement (SAA) with a contributing donor and the AA.

2.2 Purpose

The purpose of the Fund is to facilitate and streamline the provision of donor resources to UN Programming under the UNDAF as well as to simplify substantive and financial reporting. The Fund should serve as a vehicle for Gol co-financing and resource mobilization from donors to support unfunded portions of the UNDAF work plan as well as new initiatives responding to emerging needs within the context of the UNDAF. It serves as a mechanism that institutionalizes government ownership and operational and programmatic alignment among donors, the UN and Gol.

2.3 Description of the Iraq UNDAF Fund

2.3.1 Administration of the Iraq UNDAF Fund

The Participating UN Organizations have appointed UNDP's Multi-donor Trust Fund Office (MDTF Office) to serve as the Administrative Agent (AA) for the Fund in accordance with the terms and conditions set out in this TOR and further specified in the MOU entered into between the AA and the Participating UN Organizations. The Participating UN Organizations assume full programmatic and financial accountability for the funds disbursed to them by the AA. This appointment will continue until it expires, or is terminated in accordance with the Fund.

The Fund Steering Committee may request any of the Participating UN Organizations to perform additional tasks in support of the fund that are not related to the AA functions and are subject to availability of funds. Costs for such tasks will be agreed upon in advance and with the approval of the Steering Committee and charged to the Fund as direct costs.

2.3.2 Contributions to the Iraq UNDAF Fund

Contributions to the Fund may be accepted from, among others, Gol as well as governments of Member States of the UN or from intergovernmental or non-governmental organizations, International Financial Institutions (IFIs), foundations, or from private sources. Engagement of the private sector is viewed as vital, not only in the industrial sectors, but also as part of the private sector's emerging role under corporate social responsibility. Acceptance of funds from the private sector will be guided by criteria stipulated by the UNCT, agency specific guidelines, and the UN system-wide guidelines on cooperation between the UN and Business Community (see the UN Secretary General's guidelines (<http://www.un.org/partners/business/otherpages/guide.htm>)).

Contributions to the Fund may be accepted in fully convertible currencies. Such contributions shall be deposited in the bank accounts designated by the AA. The value of a contribution-deposit, if made in other than United States dollars, shall be determined by applying the UN operational rate of exchange in effect on the date of payment.

In order to effectively respond to national priorities in a flexible and adaptive manner, the guiding principle for resource mobilization under the multi-donor trust fund is that donors are encouraged to contribute with multi-year unearmarked resources in accordance with the UNDAF priority areas. However, the donors may also earmark funds to UNDAF priority areas and/ or a Participating UN Organization.

2.3.3 Funding Eligibility under the Iraq UNDAF Fund

UN Organizations will sign a standard MOU with the AA setting out the terms and conditions under which the AA and the Participating UN Organizations are eligible to receive funds from the Fund. Eligible projects and JPs that are in line with the UNDAF priorities and endorsed by the UNDAF Priority Working Groups (PWGs) may be considered for approval by the Fund's Steering Committee for implementation by the Participating UN Organizations. The five priorities under the Iraq UNDAF are outlined below:

- UNDAF Priority I: Improved governance, including the protection of human rights
- UNDAF Priority II: Inclusive, more equitable and sustainable economic growth
- UNDAF Priority III: Environmental management and compliance
- UNDAF Priority IV: Increased access to quality essential services
- UNDAF Priority V: Investment in human capital and empowerment of women, youth and children

Non-UN entities that are members of the UNCT, such as the IOM, and have international character, financial rules and regulations that are comparable to the UN may also become Participating Organizations by concluding a separate MOU with the AA.

NGO partners and other entities will have access to the Fund through the Participating UN Organizations, in which case the latter will utilize their standard NGO cooperation modalities for this purpose.

2.3.4 Utilization of the Iraq UNDAF Fund

The Fund will be utilized for the purpose of meeting the unfunded costs of projects and JPs, including new initiatives responding to emerging national needs under the UNDAF Framework. Details of such JPs, including respective budgets and implementation partners will be set out in the relevant Participating UN Organizations' Standard Joint Programme Documents.

In conformity with the UNDG Guidelines on JPs, the AA and Participating UN Organizations will be entitled to deduct their indirect costs on contributions received. The AA fee will be 1%. The fee will be deducted from the contributions to the Fund at the time they are deposited. The indirect costs (programme support costs) of the Participating UN Organizations will be 7% of expenditures, in accordance with the UN General Assembly resolution 62/208 (see 2007 Triennial Comprehensive Policy Review principle of full cost recovery). All other costs incurred by each Participating UN Organization in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

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 by the AA from the Fund Account. Each Participating UN Organization will assume full programmatic and financial accountability for the funds disbursed to it by the AA. Programme/ project level management, procurement and expenditures will be governed by the regulations, rules and directives of the respective Participating UN Organizations.

As an exceptional measure, particularly during the start up phase of the Fund, subject to conformity with their financial regulations, rules and directives, Participating UN Organizations may elect to start implementation of programmatic activities in advance of receipt of initial or subsequent transfers from the Fund Account by using their own resources. Such advance activities will be undertaken in agreement with the UNDAF Steering Committee on the basis of funds it has or will allocate or approve for implementation by the particular Participating UN Organization and following receipt by the AA of an official commitment. Participating UN Organizations will be solely responsible for decisions to initiate such advance activities or other activities outside the parameters set forth above.

3. Governance and Other Arrangements

The Fund governance arrangement, under which it operates, is described below and is shown in Annex 1. The governance arrangements for the Fund, to the extent possible, are based on the UNDAF coordination structures in an effort to avoid duplication and encourage harmonization. Therefore, the Fund will utilize the UNDAF arrangements below while ensuring that the Fund management, oversight and other functions are equally provided for within the scope of the various structures ToR.

3.1 The UNDAF Fund Steering Committee

The Fund Steering Committee (SC) will be based on the UNDAF Steering Committee which is co-chaired by the UN Resident Coordinator on behalf of the UNCT and the representative from the Ministry of Planning (MoP) on behalf of the GoI. In addition, Heads of UN Agencies co-chairing the UNDAF PWGs will have permanent representation in the Fund SC.

The Fund SC will also have annual rotational membership from two representatives from the Participating UN Organizations and two representatives of the donors that have contributed to the Fund. The terms of rotation will be agreed upon by the Fund SC.

Cost sharing of resources will be promoted to implement the UNDAF work plan. The Fund SC will ensure projects and JPs are designed and implemented in line with the Paris Principles, and that the GoI-UNCT strategic partnership will maximize the UNCT's contribution towards achieving MDG-related national priorities. A detailed Terms of Reference for the Fund SC will be developed upon establishment of the Fund. The following responsibilities specifically associated with the management of the Fund will be assumed by the UNDAF Fund SC:

- Develop and approve the Fund SC ToR and Rules of Procedures, based on MDTF generic SC ToR, and update and modify as necessary including addressing procedures for extensions of programme/ project duration, budget revisions and monitoring implementation;
- Review and approve criteria for allocation of available un-earmarked Fund resources as well as disbursement of Fund resources ensuring allocations are aligned with UNDAF priorities in line with national priorities;
- Approve allocations for JPs/ projects proposed by the PWGs;
- Ensure coordination across the UNDAF PWGs for programmatic synergies and complementarities and to avoid overlaps;
- Provide oversight of the Fund utilization including monitoring of the implementation on a regular basis to ensure that funds disbursement and utilization takes place within the agreed upon timeframe;
- Ensure appropriate consultative processes take place with key stakeholders at the country level through the Fund, so as to avoid programmatic duplication or overlap between the Fund and other funding mechanisms;
- Review and approve periodic progress reports (programmatic and financial) consolidated by the AA, based on the progress reports submitted by the Participating UN Organizations. Consolidated annual reports should include a section on the PWGs' achievements;
- Review findings of summary audit reports consolidated by the internal audit service of the AA and follow-up on recommended actions having Fund-wide implications;
- Agree on the scope and frequency of independent evaluations and/or lessons learned of the Fund, and review respective draft/ final reports ensuring implementation of recommendations.

3.2 The Resident Coordinator and the UN Country Team

The overall management of the Fund will be led and coordinated by the RC, who, in consultation with the UNCT, will be responsible for:

- Strategic orientation of the Fund on the basis of the UNDAF Results Framework and the UNDAF Work Plan agreed with the GoI;
- Mobilizing resources for the Fund;
- Promoting and advocating a balanced approach in the allocation of resources to the respective JPs/ projects;

- Instructing the AA to transfer the approved allocation of funds to Participating UN Organizations;
- Promoting synergies between PWGs to ensure coherence of UNDAF programming initiatives.

3.3 *The Fund Secretariat*

The Fund Secretariat will support the Fund SC and will be based within the RC Office. Costs for such tasks will be agreed in advance and with the approval of the Fund SC and charged to the Fund as direct costs.

The Fund Secretariat shall be responsible for:

- Logistical arrangements required to facilitate the Fund SC meetings, including the preparation of the agenda and minutes, sharing information on behalf of the co-chairs, distribution of documents, etc;
- Documenting, communicating and ensuring follow-up of the Fund SC's decisions;
- Assisting the Fund SC co-chairs in following up on group actions and decisions, and in communicating important milestones;
- Tracking the Fund SC approvals, allocations and implementation progress and identify challenges to be reported to the Fund SC on a quarterly basis;
- Coordinate with the PWGs for insuring programmatic synergies across UNDAF priorities and between programmes/projects and the UNDAF priorities;
- Reviewing and analysing programme/ project proposals received through PWGs from Participating UN Organizations;
- Periodically reviewing the ToR of the Fund SC and recommending changes or revisions to the SC;
- Promoting the use of harmonized procedures and policies in line with UNDG guidelines on JPs for reduced transaction cost and operational effectiveness.

3.4 *UNDAF Priority Working Groups*

At the implementation level, UNDAF Priority Working Groups (PWGs) will be established for each UNDAF priority. Each PWG will have representation from UNCT and national partners. The membership of the PWG includes all relevant UN system funds, programmes and agencies in Iraq including non-resident agencies and national counterpart representatives (GoI and civil society) and will be endorsed by the UNDAF SC at the beginning of each year. Each PWG will be jointly chaired by the UN and GoI.

The UN chair will represent the lead agency and will take on the additional responsibility of providing the secretariat for the PWG. Each PWG will be co-chaired by the lead UN Agency and the lead GoI ministry. They will be composed of experts in the relevant priority area, including from appropriate GoI as well as NGOs and Civil society organizations, as appropriate and feasible, and have a flexible structure, to incorporate inputs from other stakeholders. Where appropriate, the PWGs will be represented in wider GoI-donor working groups.

The PWG's will be responsible for the following activities in relation to the Fund:

- Prioritization, formulation, implementation of, and reporting on JPs/ projects developed in line with UNDAF priorities and the undg guidelines. The JPs/ projects will reflect the UN's programming principles and will ensure the mainstreaming of cross-cutting themes, including the Millennium Declaration and MDGs, youth, gender, peace building and reconciliation, and employment and decent work approach;
- Vet the technical quality of JP/ project proposals and review compliance with established UNDAF priority outcomes and outputs;
- Confirming JP proposals have been requested by the relevant GoI counterpart Ministries or institutions;
- Liaising with the Fund Secretariat to ensure availability of funding;
- Ensuring UN wide consistency and quality control of programmes/ projects submitted to the Fund SC;
- Contribute to UNDAF implementation through the development of JPs/ projects with the Fund's resources;
- Facilitate coordination across the UNDAF PWGs for greater programmatic synergies;
- Preparing annual PWGs progress reports for incorporation into annual consolidated Fund level reports prepared by the AA as well as reviewing and approving the consolidated annual and other progress reports submitted by the AA.

3.5 *Administrative Agent*

On behalf of the Participating UN Organizations, the AA will carry out the following functions:

- Receipt, administration and management of contributions from donors;
- Administer such funds received, in accordance with this MOU including the provisions relating to the Fund closure and related matters;
- Subject to availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with instructions from the Fund SC, taking into account the budget set out in the approved programmatic document, as amended in writing from time to time by the Fund SC;
- Consolidate statements and reports, based on submissions provided to the AA by each Participating UN Organization, as set forth in the TOR, and provide these to each donor that has contributed to the Fund Account and to the Fund SC in accordance with SAA and MOU;
- Provide final reporting, including notification that the Fund has been fully expended or has been wound up in accordance with the Fund TOR, in accordance with Section 6 below;
- Disburse funds to any Participating UN Organization for any additional costs of the task that the Steering Committee may decide to allocate (as referred to in Section 2.3.1) in accordance with TOR.

In accordance with the undg AA Protocol, the AA will maintain a clear delineation, including distinct reporting lines and an accountability framework, between its functions as an AA and its functions as a Participating UN Organization.

4. Monitoring and Evaluation

All JPs/ projects funded through the Fund will include a Monitoring and Evaluation (M&E) component that will be consistent with the respective regulations, rules and procedures of the Participating UN Organizations. The Gol, Donors, the AA and the Participating UN Organizations will hold annual consultations, as appropriate, to review the status of the Fund. In addition, the Fund SC may commission a regular, independent lessons-learned and review exercise relating to the operations and management of the Fund.

The Fund will benefit from the systematic monitoring, review, reporting and evaluation requirements of the UNDAF as part of improved accountability of both the UNCT and the Gol for the realization of development results contributing to national priorities.

The Fund Secretariat will provide technical backstopping to the PWGs to ensure that planning, monitoring and evaluation processes are harmonized, simplified and consistent in accordance with the UNDG results-based management approach, UNDG Joint Programme Guidelines and the United Nations Evaluation Group norms and standards and, to the extent possible, build on the existing M&E systems and mechanisms of the Gol and the UNCT.

5. Audit

The AA and Participating UN Organizations will be audited in accordance with their own Financial Regulations and Rules. In addition, the Fund's JPs/ projects implemented by the Participating UN Organizations may be audited in accordance with the Framework for Auditing Multi-Donor Trust Funds which has been agreed to by the Internal Audit Services of Participating UN Organizations and endorsed by the UNDG in September 2007.

6. Reporting

For each JP approved for funding by the Fund SC, each Participating UN Organization will provide the AA with the following statements and reports prepared in accordance with the accounting and reporting procedures applicable to the Participating UN Organization concerned, as set forth in the TOR.

6.1 Participating UN Organizations

- (a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;
- (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Fund Account, to be provided no later than four months (30 April) after the end of the calendar year;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year 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 Fund. The final report will provide a summary of results and achievements; and
- (d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year 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 Fund.

6.2 Administrative Agent

The AA will prepare consolidated narrative progress and financial reports, based on the reports referred to in section 6.1 above and will provide (a) and (b) by 31 May and (c) and (d) by 31 July to the Fund Steering Committee and to Donors that have contributed to the Fund.

The AA will also provide the Fund Steering Committee and the Participating UN Organizations with the following statements on its activities as AA:

- (a) Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year; and
- (b) 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 Fund.

Consolidated reports and related documents will be posted on the website of the AA (<http://mdtf.undp.org>) periodically.

7. Public Disclosure

The AA in consultation with the Participating UN Organizations will ensure that decisions regarding the review and approval of the Fund as well as periodic reports on the progress of implementation of the Fund, associated external evaluation are posted for public information on the websites of the AA (<http://mdtf.undp.org>). Such reports and documents may include the Fund SC approved programmes/ projects, programmes/ projects awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate

8. Termination of the Fund

The Fund will continue until the Fund End Date of 31 December 2014. The final date for approval of new JPs/ projects, final date for transfer of new funds and for operational closure will be established based on the Fund End Date.

The Fund termination date will be upon completion of all programmes/ projects funded through the Fund and after satisfaction of all commitments and liabilities. Notwithstanding the completion of the programmes/ projects financed from the Fund, any unutilized balances will continue to be held in the Fund Account until all commitments and liabilities incurred in implementation of the programmes/ projects have been satisfied and programme/ project activities have been brought to an orderly conclusion. Any balance remaining in the Fund Account or in the individual Participating UN Organizations' separate ledger accounts upon winding up of the Fund will be used for a purpose mutually agreed upon with the Fund Steering Committee or returned to the Donor(s) as agreed upon by the Fund Steering Committee.

9. Resource Requirements

The purpose of the Fund is to maintain a flexible mechanism that may pool donor contributions for unfunded projects/ programmes in line with UNDAF Priority Areas. The table below provides an overview of the estimated UNCT contributions in programming toward the UNDAF Priority Areas as well as the resources that need to be mobilized during the four year UNDAF implementation period. In consultation with UNCT, the RCO will develop a Resource Mobilization Strategy to mobilize funds for the implementation of the UNDAF.

Table: Estimated UNDAF 2011-2014 Resource Requirements by Priority Area (US\$ in million) as of October 2010

UN Agency	Priority 1 Governance and Human Rights	Priority 2 Inclusive Economic Growth	Priority 3 Environment	Priority 4 Quality Essential Services	Priority 5 Human Capital	TOTAL	Funds Available	Resources to be Mobilised
UNDP	119.86	34.2	48	76	22.2	300.26	100.9	199.36
UNESCO	24.47	13.68	8.12	43.96	2.53	92.77	50	42.77
UNFPA	9.8			13.5	6.7	30	11.5	18.5
UNHCR	31.2			215		246.2	1	245.2
UNICEF	16.9	5	14	132	6.5	174.4	32.6	141.81
UNIFEM	1.5	0.5			5.5	7.5	2.2	5.3
ILO	2	25.8		23.5	9	60.3	4.65	55.65
IOM	66	100	60	32	8	266	25.96	240.05
UNHABITAT	12	9.2	8.5	47.5		77.2	13.02	64.18
UNIDO		40	14	5		59	20.9	38.1
WFP		94.77		138.63		233.40	25.5	207.9
WHO	11.07	4.62	7.85	105.99	10.49	140.02	25.01	115.01
UNCTAD		0.5				0.5	0	0.5
UNESCWA	3.75	2.5		2.88		9.13	2.41	6.72
FAO		85.8	55.26	33.6	27.3	201.96	23.5	178.46
UNEP			3			3	0	3
TOTALS	298.55	416.57	218.73	869.56	98.22	1901.64	339.15*	1562.51

* Total funds available as of October 2010 include approximately USD 208 million worth projects and programmes which will carry over to the UNDAF programming period.

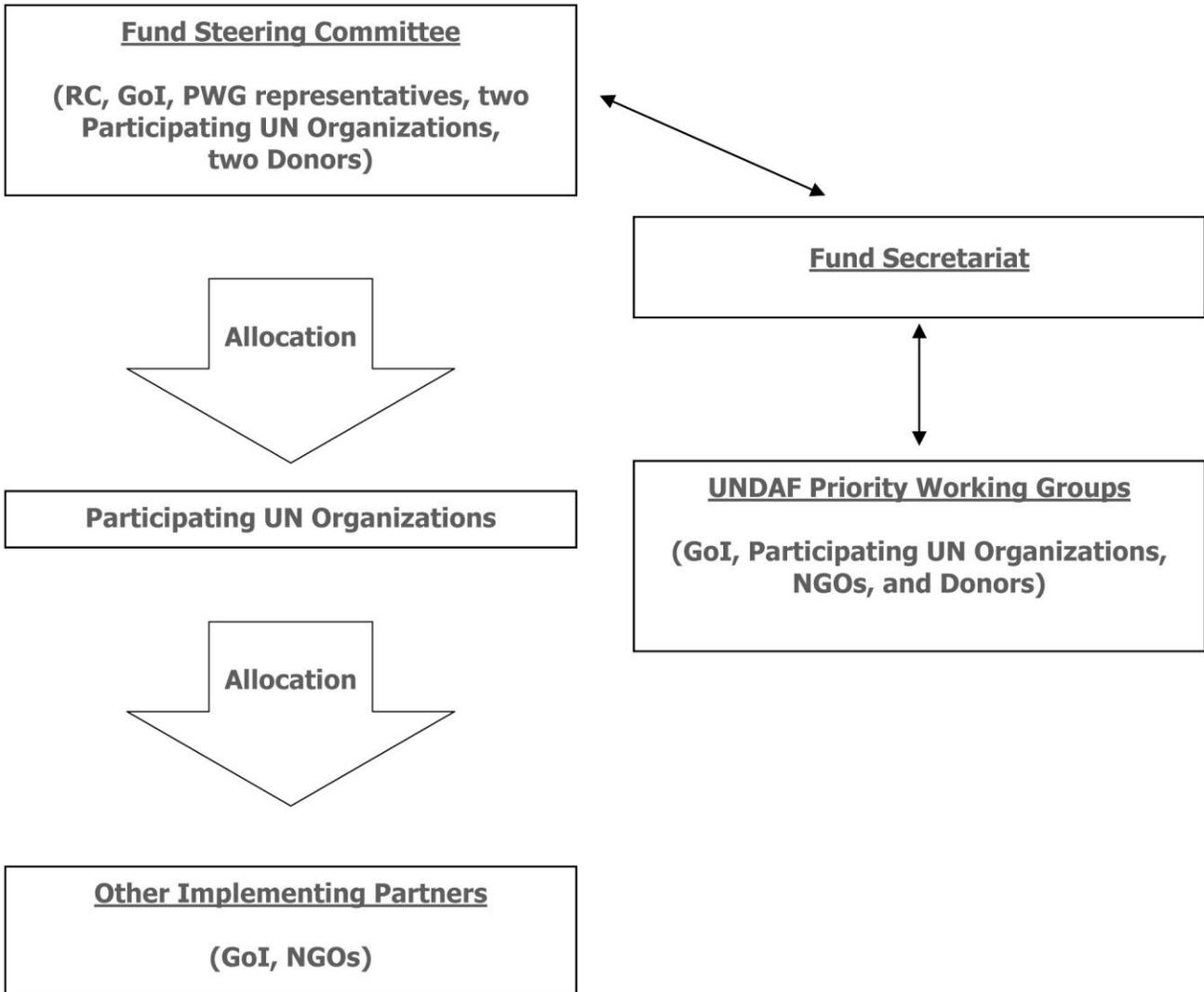
10. Visibility and Joint Communication

Each Participating UN Organization will take appropriate measures to publicize the Fund and to give due credit to the other Participating UN Organizations. Information given to the press, to the beneficiaries of the Fund, all related publicity material, official notices, reports and publications, will acknowledge the role of the host Government, the donors, the Participating UN Organizations, the AA and any other relevant entities. In particular, the AA will include and ensure due recognition of the role of each Participating UN Organization and national partner in all external communications relating to the Fund.

The AA in consultation with the Participating UN Organizations will ensure that decisions regarding the review and approval of the Fund as well as periodic reports on the progress of implementation of the Fund, associated external evaluation are posted, where appropriate, for public information on the websites of UN in Iraq (<http://iq.one.un.org>) and the AA (mdtf.undp.org). Such reports and documents may include Steering Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

Annexes

ANNEX 1: Governance Structure for the Iraq UNDAF Fund



ANNEX B

**STANDARD ADMINISTRATIVE ARRANGEMENT FOR MULTI-DONOR
TRUST FUNDS USING PASS-THROUGH FUND MANAGEMENT**

**Standard Administrative Arrangement
between
[Name of Donor],
and
the United Nations Development Programme**

WHEREAS, Participating United Nations Organizations that have signed a Memorandum of Understanding (hereinafter referred to collectively as the "Participating UN Organizations") have developed a Iraq UNDAF Fund (hereinafter referred to as the "Fund") starting on 1 January 2011 and ending on 31 December 2014, as may be amended from time to time, as part of their respective development cooperation with the Government of **Iraq**, as more fully described in the [Terms of Reference of the Multi-Donor Trust Fund (hereinafter referred to as the "TOR"), a copy of which is attached hereto as **ANNEX A**, and have agreed to establish a coordination mechanism (hereinafter referred to as the "Steering Committee") to facilitate the effective and efficient collaboration between the Participating UN Organizations and the host Government (**if applicable**) for the implementation of the Fund;

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

WHEREAS, the Participating UN Organizations have appointed the United Nations Development Programme (hereinafter referred to as the "Administrative Agent") (which is also a Participating UN Organization in connection with Fund)⁶ in a Memorandum of Understanding (hereinafter referred to as "MOU") concluded between, the Administrative Agent and Participating UN Organizations on **[date]**, to serve as their administrative interface between donors and the Participating UN Organizations for these purposes. 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 Fund through the Administrative Agent (hereinafter referred to as the "Fund Account"); and

WHEREAS, **[Name of Donor]** (hereinafter referred to as the "Donor") wishes to provide financial support to the Fund on the basis of the TOR as part of its development cooperation with the Government of Iraq (if applicable) and wishes to do so through the Administrative Agent as proposed by the Participating UN Organizations.

NOW, THEREFORE, the Donor and the Administrative Agent (hereinafter referred to collectively as the "Participants") hereby decide as follows:

Section I
Disbursement of Funds to the Administrative Agent
and the Fund Account

1. The Donor decides to make a contribution of **[amount in words]** (**[amount in figures]**) and such further amounts as it may decide (hereinafter referred to as the "Contribution") to support the Fund. The Contribution will enable the Participating UN Organizations to support the Fund in accordance with the TOR, as amended from time to time in writing by the Steering Committee. The Donor authorizes the Administrative Agent to use the Contribution for the purposes of the Fund and in accordance with this Standard Administrative Arrangement (hereinafter referred to as "Arrangement"). The Donor acknowledges

⁶ In most cases, the Administrative Agent will also be a Participating UN Organization. However, where the Administrative Agent is not a Participating UN Organization, this provision can be deleted.

that the Contribution will be co-mingled with other contributions to the Fund Account and that it will not be separately identified or administered.

2. The Donor will 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:

For payment in USD:

Name of Account: UNDP Multi-Donor Trust Fund Office (USD) Account
Account Number: 790440309
Name of Bank: JPMorgan Chase Bank
International Agencies Banking
Address of Bank: 270 Park Avenue, 43rd Floor
New York, New York 10017
SWIFT Code: CHASUS33
ABA: 021000021
Reference: Iraq UNDAF Fund Account

3. When making a transfer to the Administrative Agent, the Donor will notify the Administrative Agent's Treasury Operations at mdtfo.treasury@undp.org and the MDTF Office at executivecoordinator.mdtfo@undp.org of the following: (a) the amount transferred, (b) the value date of the transfer; and (c) that the transfer is from **Iraq UNDAF Fund** in respect of the Fund in **Iraq** (if applicable) pursuant to this Arrangement. The Administrative Agent will promptly acknowledge receipt of funds in writing.
4. All financial accounts and statements will be expressed in United States dollars.
5. The US dollar value of a contribution-payment, if made in currencies other than United States dollars, will be determined by applying the United Nations operational rate of exchange in effect on the date of receipt of the Contribution. The Administrative Agent will not absorb gains or losses on currency exchanges. Such amounts will increase or decrease the funds available for disbursements to Participating UN Organizations.
6. The Fund 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 Fund 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.
7. The Administrative Agent will be entitled to allocate an administrative fee of one percent (1%) of the Contribution by the Donor, to cover the Administrative Agent's costs of performing the Administrative Agent's functions.
8. The Steering Committee may request any of the Participating UN Organizations, to perform additional tasks in support of the Fund not related to the Administrative Agent functions detailed in Section I, Paragraph 2 of the Memorandum of Understanding and subject to the availability of funds. In this case, costs for such tasks will be decided in advance and with the approval of the Steering Committee be charged to the Fund as direct costs.

Section II
Disbursement of Funds to the Participating UN Organizations
and a Separate Ledger Account

1. The Administrative Agent will make disbursements from the Fund Account in accordance with instructions from the Steering Committee, in line with the approved programmatic document⁷, as amended in writing from time to time by the Steering Committee. The disbursement to the Participating UN Organizations will consist of direct and indirect costs as set out in the 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 Fund 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.⁸
3. Where the balance in the Fund Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Steering Committee and make a disbursement, if any, in accordance with the Steering Committee's instructions.

Section III
Implementation of the Programme

1. The implementation of the programmatic activities which the Donor assists in financing under this Arrangement will be the responsibility of the Participating UN Organizations and will be carried out by each Participating UN Organization in accordance with its own applicable regulations, rules, policies and procedures including relating to procurement. The Donor will not be directly responsible or liable for the activities of any person employed by the Participating UN Organizations or the Administrative Agent as a result of this Arrangement,
2. The Participating UN Organizations will carry out the activities for which they are responsible, in line with the budget contained in the approved programmatic document, as amended from time to time by the 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.
3. Indirect costs of the Participating UN Organizations recovered through programme support costs will be 7%. In accordance with the UN General Assembly resolution 62/208 (2007 Triennial Comprehensive Policy Review principle of full cost recovery), all other costs incurred by each Participating UN Organization in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.
5. The Participating UN Organizations will commence and continue to conduct operations for the programmatic activities only upon receipt of disbursements as instructed by the Steering Committee.

⁷ As used in this document, an approved programmatic document refers to an annual work plan or a programme/project document, etc., which is approved by the Steering Committee for fund allocation purposes.

⁸ Where the Administrative Agent is also a Participating UN Organization, it will need to open its own separate ledger account and transfer funds from the Fund Account to its separate ledger account.

5. The Participating UN Organizations will not make any commitments above the budgeted amounts in approved programmatic document, as amended from time to time by the Steering Committee.
6. If unforeseen expenditures arise, the 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 approved programmatic document 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 transferred from the Fund Account.
7. The Donor reserves the right to discontinue future contributions if reporting obligations are not met as set forth in this Arrangement; or if there are substantial deviations from agreed plans and budgets. If it is agreed among the Donor, the Administrative Agent and the concerned Participating UN Organization under the Arrangement that there is evidence of improper use of funds, the Participating UN Organization will use their best efforts, consistent with their regulations, rules, policies and procedures to recover any funds misused. The Participating UN Organization will, in consultation with the Steering Committee and the Administrative Agent, credit any funds so recovered to the Fund Account or agree with the Steering Committee to use these funds for a purpose mutually agreed upon. Before withholding future contributions or requesting recovery of funds and credit to the Fund Account, the Administrative Agent, the concerned Participating UN Organization and the Donor will consult with a view to promptly resolving the matter.
8. The Participants recognize that it is important to take all necessary precautions to avoid corrupt, fraudulent, collusive or coercive practices. To this end, as set out in the MoU between the Administrative Agent and Participating UN Organizations regarding the Operational Aspects of the [name of Multi-Donor Trust Fund], each Participating UN Organization will maintain standards of conduct that govern the performance of its staff, including the prohibition of corrupt, fraudulent, collusive or coercive practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in their Staff Regulations and Rules and the Financial Regulations and Rules, including regarding procurement.

Section IV **Equipment and Supplies**

On the termination or expiration of this Arrangement, the matter of ownership of equipment and supplies will be determined in accordance with the regulations, rules, directives and procedures applicable to such Participating UN Organization, including any agreement with the relevant host Government if applicable.

Section V **Reporting**

1. The Administrative Agent will provide the Donor and the Steering Committee with the following statements and reports, based on submissions 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 TOR:
 - (a) Annual consolidated narrative progress reports, based on annual narrative progress reports received from Participating UN Organizations, to be provided no later than five months (31 May) after the end of the calendar year;
 - (b) Annual consolidated financial reports, based on annual financial statements and reports, to be received from the Participating UN Organizations, as of 31 December with respect to the funds

disbursed to them from the Fund Account, to be provided no later than five months (31 May) after the end of the calendar year;

- (c) Final consolidated narrative report, based on final narrative reports received from Participating UN Organizations after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than seven months (31 July) of the year following the financial closing of the Fund. The final consolidated narrative report will contain a summary of the results and achievements compared to the goals and objectives of the Fund.
 - (d) Final consolidated financial report, based on certified final financial statements and final financial reports received from Participating UN Organizations after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than seven months (31 July) of the year following the financial closing of the Fund.
2. The Administrative Agent will provide the Donor, Steering Committee and Participating UN Organizations with the following reports on its activities as Administrative Agent:
 - (a) Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year; and
 - (b) 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 Fund.
 3. Consolidated reports and related documents will be posted on the websites of the UN in Iraq (<http://www.uniraq.org>) and the Administrative Agent (mdtf.undp.org).

Section VI **Monitoring and Evaluation**

1. Monitoring and evaluation of the Fund including, as necessary and appropriate, joint evaluation by the Participating UN Organizations, the Administrative Agent, the Donor, the host Government (if applicable) and other partners will be undertaken in accordance with the TOR.
2. The Donor, the Administrative Agent and the Participating UN Organizations will hold annual consultations as appropriate to review the status of the Fund.

Section VII **Joint Communication**

1. Information given to the press, to the beneficiaries of the Fund, all related publicity material, official notices, reports and publications, will acknowledge the role of the Government of **[name of country]**, the donors, the Participating UN Organizations, the Administrative Agent and any other relevant entities.
2. The Administrative Agent in consultation with the Participating UN Organizations will ensure that decisions regarding the review and approval of the Fund as well as periodic reports on the progress of implementation of the Fund, associated external evaluations are posted, where appropriate, for public information on the websites of the UN in Iraq (<http://www.uniraq.org>) and the Administrative Agent (mdtf.undp.org). Such

reports and documents may include Steering Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

Section VIII
Expiration, Modification and Termination

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 approved programmatic document 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 Participant on thirty (30) days of a written notice to the other Participants, subject to the continuance in force of paragraph 4 below for the purpose therein stated.
4. Commitments 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 Fund Account or in the individual Participating UN Organizations' separate ledger accounts upon winding up of the Fund will be used for a purpose mutually agreed upon or returned to the donor(s) in proportion to their contribution to the Fund as decided upon by the donor(s) and the Steering Committee.

Section IX
Notices

1. Any action required or permitted to be taken under this Arrangement may be taken on behalf of the Donor, by _____ or his or her designated representative, and on behalf of the Administrative Agent, by the Executive Coordinator, Multi-Donor Trust Fund (MDTF) Office 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, 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 Donor:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

Electronic mail: _____

For the Administrative Agent:

Name: Bisrat Aklilu

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

Section X
Entry into Effect

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

[If the Donor is a Government, use the following:]

Section XI
Settlement of Disputes

- [1. Any dispute arising out of the Donor's Contribution to the Fund will be resolved amicably through dialogue among the Donor, the Administrative Agent and the concerned Participating UN Organization.

[Section XII
Privileges and Immunities]

- [1. Nothing in this Standard Administrative Arrangement will be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, the Administrative Agent, or each Participating UN Organization.]

Any dispute arising out of the Donor's Contribution to the Fund will be resolved amicably through dialogue among the Donor, the Administrative Agent and the concerned Participating UN Organization.

[If the Donor is not a Government, use the following:]

Section XI
Settlement of disputes

- [1. Amicable settlement. The Participants will use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Standard Administrative Arrangement or the breach, termination or invalidity thereof. Where the Participants wish to seek such an amicable settlement through conciliation, the conciliation will take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the Participants.]
- [2. Arbitration. Any dispute, controversy or claim between the Participants arising out of this Standard Administrative Arrangement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within sixty (60) days after receipt by one party of the other party's written request for such amicable settlement, will be referred by either party to arbitration before a single arbitrator in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal will have no authority to award punitive damages. The Participants will be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.]

[Section XII
Privileges and Immunities]

- [1. Nothing in this Standard Administrative Arrangement will be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, the Administrative Agent, or each Participating UN Organization.]

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

For the Donor:

Signature: _____

Name: _____

Title: _____

Place: _____

Date: _____

For the Administrative Agent:

Signature: _____

Name: Bisrat Aklilu

Title: Executive Coordinator

Place: _____

Date: _____

ANNEX A: Terms of Reference

ANNEX B: Schedule of Payments

ANNEX B of SAA

SCHEDULE OF PAYMENTS

Schedule of Payments:

Amount:

[Time of first payment]

[Amount in figures]

[Time of second payment]

[Amount in figures]

[Time of third payment]

[Amount in figures]

ANNEX C

NOTICES

For the Administrative Agent:

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

For Participating UN Organization [name]

Name: _____
Title: _____
Address: _____
Telephone: _____
Facsimile: _____
Electronic mail: _____

For Participating UN Organization [name]

Name: _____
Title: _____
Address: _____
Telephone: _____
Facsimile: _____
Electronic mail: _____

For Participating UN Organization [name]

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Address: _____
Telephone: _____
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For Participating UN Organization [name]

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For Participating UN Organization [name]

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Address: _____
Telephone: _____
Facsimile: _____
Electronic mail: _____

For Participating UN Organization [name]

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Title: _____
Address: _____
Telephone: _____
Facsimile: _____
Electronic mail: _____