

Letter of Understanding

between

Irish Aid

and

The United Nations Development Programme (UNDP)

WHEREAS, the Participating UN Organizations (hereinafter referred to collectively as the "Participating UN Organizations") who have signed a Memorandum of Understanding with the United Nations Development Programme (UNDP) regarding the operational aspects of the Joint Programme on AIDS in Uganda (hereinafter referred to as the "Joint Programme") have agreed to support the National Strategic Plan for HIV and AIDS of the Government of Uganda, as more fully described in the detailed Joint UN Programme of Support for AIDS (hereinafter referred to as the "Joint Programme"), a copy of which is attached hereto as ANNEX A, and have accepted to establish a management mechanism (hereinafter referred to as the "Joint Programme Executive Core Group") to facilitate the effective and efficient collaboration between the Participating UN Organizations and the Government of Uganda for the implementation of the Joint Programme;

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 Joint Programme and have developed a Joint Programme Document to use as the basis for mobilising resources for the Joint Programme, and have further agreed that they should offer donors the opportunity to fund the Joint Programme and receive reports on the Joint Programme through a single channel;

WHEREAS, the Participating UN Organizations have appointed the United Nations Development Programme (hereinafter referred to as the "Administrative Agent" or the "AA"), which is also a Participating UN Organisation in connection with this Joint Programme, in a Memorandum of Understanding concluded between the Administrative Agent and Participating UN Organizations on 4 December 2007, to serve as their administrative interface between donors and the Participating UN Organizations for these purposes and to that end the Administrative Agent has established a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from donors who wish to provide financial support to the Joint Programme through the Administrative Agent (hereinafter, the "Joint Programme Account"); and

WHEREAS, Irish Aid (hereinafter referred to as the "Donor") wishes to provide financial support to the Joint Programme on the basis of the Joint Programme Document as part of its development cooperation with the Government of Uganda and wish to do so through the Administrative Agent as proposed by the Participating UN Organizations.

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

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Paragraph I: Disbursement of funds to the Administrative Agent and the Joint Programme Account

1. The Donor accepts to make a contribution of **[Euros Three Million and Twenty Thousand only] (€3.02m) for a period of November 2007- December 2009** and such further amounts as it may decide (hereinafter referred to as the "Contribution") to support the Joint Programme. The Contribution will be a contribution to the Participating UN Organizations to support the Joint Programme in accordance with the Joint Programme Document, as amended from time to time in writing by the Joint Programme Executive Core Group and approved by the UN Country Team. The Donor authorizes the Administrative Agent to use the Contribution for the purposes of the Joint Programme and in accordance with this Letter of Understanding. The Donor acknowledges that the Contribution may be mingled with other contributions to the Joint Programme 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 Letter of Understanding, in convertible currencies of unrestricted use, to one of the following accounts:

For payment in US dollars:
UNDP Contributions Account
JP Morgan Chase Bank
Account 015002284
1166 Avenue of the Americas, NY, NY 10022
SWIFT: CHASUS33
Reference: Uganda Joint Programme on AIDS Account

For payment in Euro:
UNDP Contributions Account
Bank of America London
Account 600862722022
5 Canada Square
London E14 5AQ England
SWIFT: BOFAGB22
IBAN: GB59 BOFA 1650 5062 7220 22
Reference: Uganda Joint Programme on AIDS Account

3. When making a transfer to the Administrative Agent, the Donor will notify the Administrative Agent's Treasury Operations at contributions@undp.org, with a copy to the Executive Coordinator of the Multi-Donor Trust Fund Office at executivecoordinator.mdftfo@undp.org of the following: (a) the amount transferred, (b) the value date of the transfer; and (c) that the transfer is from Irish Aid in respect of the joint programme in Uganda pursuant to this Letter of Understanding. The Administrative Agent will promptly acknowledge receipt of funds in writing.

4. The 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 payment. Gains or losses on currency exchanges will be recorded in the Joint Programme Account by the Administrative Agent.

Handwritten initials/signature

5. The Joint Programme Account will be administered by the Administrative Agent in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest. The Joint Programme Account will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the Administrative Agent.

6. The Administrative Agent will be entitled to allocate an administrative fee of one percent (1 %) of the amount contributed by the Donor, to cover the Administrative Agent's costs of performing the Administrative Agent's functions. Notwithstanding the foregoing, in case the contribution is less than \$2 million, the fee will be subject to a minimum floor of \$20,000; if the contribution is above \$10 million, the fee will be subject to a maximum ceiling of \$100,000. Each Participating UN Organization will recover indirect costs in accordance with its financial regulations and rules subject to a ceiling of 7% of funds disbursed and as documented in the Memorandum of Understanding signed with the Administrative Agent.

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

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

1. The Administrative Agent will make disbursements from the Joint Programme Account in accordance with instructions from the Joint Programme Executive Core Group, in line with the Joint Programme Document, as amended in writing from time to time by the Joint Programme Executive Core Group. The disbursements will also be made in accordance with the Memorandum of Understanding between the Participating UN Organizations and the Administrative Agent regarding the Operational Aspects of the Joint Programme dated (tba). The Administrative Agent will promptly notify the Donor of any amendment to the budget made by the Executive Core Group. The disbursement to the Participating UN Organizations will consist of direct costs and indirect costs (see para. 6 above) as set out in the Joint Programme budget.

2. Each Participating UN Organization will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it from the Joint Programme Account. Each Participating UN Organization assumes full programmatic and financial accountability for the funds disbursed to it 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.

3. Where the balance in the Joint Programme Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Executive Core Group and make a disbursement, if any, in accordance with the Executive Core Group's instructions. The Administrative Agent will promptly notify the Donor in such circumstances and will advise the Donor of the Executive Core Group's decision in that regard.



Paragraph III: Implementation of the Joint Programme

1. The Participating UN Organizations will carry out the activities for which they are responsible, in line with the budget contained in the Joint Programme Document, as amended from time to time by the Joint Programme Executive Core Group in accordance with the regulations, rules, directives and procedures applicable to it. Accordingly, personnel will be engaged and administered, equipment, supplies and services purchased, and contracts entered into in accordance with the provisions of such regulations, rules, directives and procedures.
2. The Participating UN Organizations will commence and continue to conduct operations for the Joint Programme only upon receipt of disbursements as instructed by the Joint Programme Executive Core Group.
3. The Participating UN Organizations will not make any commitments above the budgeted amounts in the Joint Programme Document, as amended from time to time by the Joint Programme Executive Core Group.
4. If unforeseen expenditure arises, the Joint Programme Executive Core Group will submit, through the Administrative Agent, a supplementary budget to the Donor showing the further financing that will be necessary. If no such further financing is available, the activities to be carried out under the Joint Programme may be reduced or, if necessary, terminated by the Participating UN Organizations. In no event will the Participating UN Organizations assume any liability in excess of the funds provided in the Joint Programme Account.

Paragraph IV: Equipment and Supplies

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

Paragraph V: Reporting

(this needs further work to clarify the role of UNAIDS in reporting and the consequent deadlines, UNAIDS Secretariat serves the as convenor and facilitator of the Joint Team and ensures its effective functioning by convening meetings, synthesizing and disseminating information, and strategically planning and advocating the AIDS Team's collective response. The Secretariat also ensures that the Joint Team's annual work plan is implemented; provides regular implementation reports to the UN Country Team and ensures that their policy The UNAIDS Secretariat, working through the Joint UN Team on AIDS through the Thematic Working Group 4 on Monitoring and Evaluation will be responsible for undertaking the programme monitoring, evaluation and reporting to the UNCT to feed into the UAC led Joint AIDS Programme Review (JAR). Therefore, working closely with the UAC and other key government and CSO partners, the Joint UN Team on AIDS will use the following four elements to monitor performance of the joint programme and ensure that it is fed into national M&E system and processes:

1. Rolling Annual Work Plan and Budget
2. Six-monthly Financial and Programme Implementation Progress Report

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3. Full Annual Progress Report – linked to UAC JAR process
4. Mid-Term Review (MTR) to be conducted after three years of implementation of the Joint programme

The Administrative Agent will provide the Donor and the Joint Programme Executive Core Group with the following reports, based on consolidated reports provided to the Administrative Agent by UNAIDS, on the basis of reports provided by each Participating UN Organization prepared in accordance with the accounting and reporting procedures applicable to it, as set forth in the Joint Programme Document.

Six-monthly Financial and Programme Implementation Progress Report

- (a) Consolidated narrative progress reports every twelve months, to be provided no later than three months after the end of the applicable reporting period;
- (b) Consolidated annual financial reports as of 31 December each year with respect to the funds disbursed from the Joint Programme Account, to be provided no later than five months after the end of the applicable reporting period;
- (c) A final consolidated narrative programme completion report against the logframe and financial report, after the completion of the Joint Programme and including the final year of the Programme, to be provided no later than 30 June of the year following the financial closing of the Programme;
- (d) A consolidation of final certified financial statements, to be provided no later than 30 days after receipt from the Participating UN Organizations in the year following the financial closing of the Programme;
- (e) A financial report and final certified financial statement on its activities as Administrative Agent, to be provided no later than 30 June of the year following the financial closing of the Programme.

Paragraph VI: Monitoring and Evaluation

Monitoring and evaluation of the Joint Programme including, as necessary and appropriate, joint evaluation by the Participating UN Organizations, the Administrative Agent, the Donor, the Government and other partners will be carried out in accordance with the Joint Programme Document.

Paragraph VII: Joint Communication

Information given to the press, to the beneficiaries of the Joint Programme, all related publicity material, official notices, reports and publications, will acknowledge the role of the Government of Uganda, the donors, the Participating UN Organizations, the Administrative Agent and any other relevant partners.

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Paragraph VIII: Expiration, Modification and Termination of the Letter of Understanding

1. The Administrative Agent will notify the Donor when it has received notice from all Participating UN Organizations that the activities for which they are responsible under the Joint Programme have been completed. The date of the last notification received from a Participating UN Organization will be deemed to be the date of expiration of this Letter of Understanding, subject to the continuance in force of paragraph 4 below for the purposes therein stated.
2. This Letter of Understanding may be modified only in writing, signed by both participants.
3. This Letter of Understanding may be terminated by either participant on [thirty (30)] days of a written notice to the other participant, 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 Letter of Understanding will survive the expiration or termination of this Letter of Understanding to the extent necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the Participants hereto and the Participating UN Organizations and the settlement of contractual liabilities required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the Joint Programme Account or in the individual Participating UN Organizations' separate ledger accounts will be used for a purpose jointly decided upon by the Administrative Agent, the donors and the Joint Programme Executive Core Group.

Paragraph IX: Notices

1. Any action required or permitted to be taken under this Letter of Understanding may be taken on behalf of the Donor by Head of Office Irish Aid, Uganda, or his or her designated representative, and on behalf of the Administrative Agent by the Executive Coordinator of the Multi-Donor Trust Fund Office, Partnerships Bureau, UNDP, or his or her designated representative.
2. Any notice or request required or permitted to be given or made in this Letter 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, cable or telex to the Participants to which it is required to be given or made, at such Participant's address specified below or at such other address as the Participant will have specified in writing to the Participants giving such notice or making such request.

For the Donor:

Name: Kevin Kelly,
Title: Head of Mission,
Address: Embassy of Ireland (Irish Aid),
P.O. Box 7791, Kampala.
Telephone: +256 41 4344344/4344348/4340400



Facsimile: +256 41 4344353
Email: kevin.kelly@dfa.ie

For the Administrative Agent:

Name: Bisrat Aklilu
Title: Executive Coordinator, Multi-Donor Trust Fund Office, UNDP
Address: UNDP, 828 Second Avenue, 4th Floor, New York, NY 10017, USA
Telephone: + 1(212) 906-6880
Facsimile: + 1(212) 906-6990
Electronic mail: bisrat.aklilu@undp.org

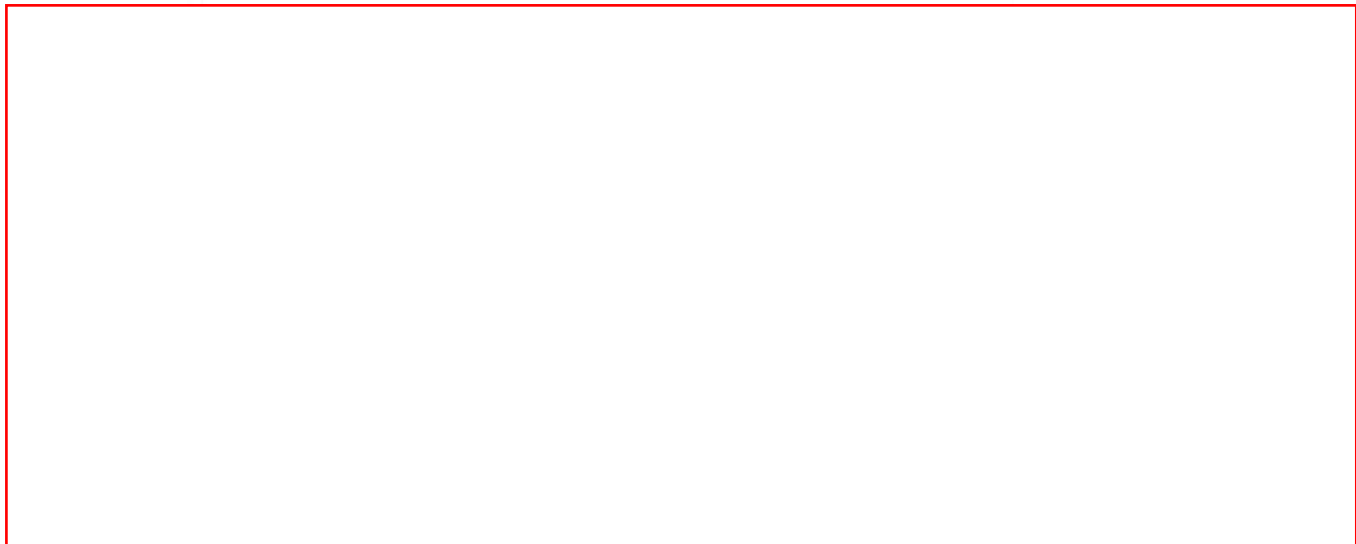
Paragraph X: Come into Effect

This Letter of Understanding will come into effect upon signature thereof by the Participants and will continue to have effect until it is expired or terminated.

Paragraph XI: Privileges and Immunities

Nothing in this Letter of Understanding 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 Letter of Understanding in English in two copies.



ANNEX A: Joint Programme Document

ANNEX B: Schedule of payments

In order to implement the Joint Programme as expeditiously as possible, the Administrative Agent and the Donor have established the following schedule of payments under this Letter of Understanding:

<u>Schedule of Payments:</u>	<u>Amount:</u>
Within 30 (thirty) business days of signature of the Letter of Understanding	
November 2007	- US\$ 817,150
Within 30 (thirty) business days of signature of the Letter of Understanding	
March 2008	- US\$ [To be determined]
Within 30 (thirty) days of submitting the status	
March 2009	- US\$ (To be determine)
Update on the utilisation of the funds and upon written request	