

**Memorandum of Understanding  
Between  
The Participating UN Organizations  
and  
The United Nations Development Programme  
regarding the Operational Aspects of the UNDG Iraq Trust Fund**

**WHEREAS**, the UN organizations who have signed this Memorandum of Understanding (hereinafter referred to collectively as the "Participating UN Organizations") have agreed to support the reconstruction and development of Iraq, within the framework of a priority programme developed in consultation with the Iraqi interim administration and based on the UN/WB/IMF Needs Assessment presented in Madrid on October 24, 2003;

**WHEREAS**, the Participating UN Organisations have agreed that they should make it possible for donors to fund the Projects involved (hereinafter referred to as the "Projects"), approved by the appropriate Iraqi authorities, through the channel provided by the United Nations Development Group (UNDG) Iraq Trust Fund (hereinafter referred to as the "Fund") as part of the International Reconstruction Fund Facility for Iraq (hereinafter referred to as the "Facility");

**WHEREAS**, the Participating UN Organisations have agreed that the projects and the operations of the Fund would be designed and implemented in accordance with the Facility and Fund terms of reference attached hereto as Annex 1 (hereinafter "Terms of Reference"), and under the overall oversight and coordination of the UNDG Iraq Trust Fund Steering Committee (hereinafter referred to as the "Trust Fund Steering Committee")<sup>1</sup>

**WHEREAS**, the Participating UN Organizations have further agreed that the United Nations Development Programme (UNDP) (which is also a Participating UN Organization) should be asked to serve as their administrative interface with donors in connection to the Fund and UNDP has agreed to do so in accordance with this Memorandum of Understanding.

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

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<sup>1</sup> The Trust Fund Steering Committee shall be chaired by the Deputy Special Representative of the Secretary-General (DSRSG), or his/her representative and shall include field representatives from Participating UN Organizations. Decisions shall be made in close consultation with the Donor Committee, the UN/WB Facility Coordination Committee and the Iraqi interim administration as set out in the Terms of Reference.

Article I  
Administrative Agent; Duties; Fee

1. The Participating UN Organizations agree that UNDP (hereinafter referred to as the "Administrative Agent" or the "AA") 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 Administrative Agent agrees to serve as the Administrative Agent, until the termination of the Fund, on the understanding that the Participating UN Organizations assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent.
2. On behalf of the Participating UN Organizations, the Administrative Agent shall:
  - a. Receive contributions from donors that wish to provide financial support to Participating UN Organizations through the Fund;
  - 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 provisions of the applicable Letters of Agreement and this Memorandum of Understanding, in line with the budget set out in the specific project proposals submitted by the concerned Participating UN Organization and approved by the Trust Fund Steering Committee;
  - d. Compile interim summary financial reports produced by each of the Participating UN Organizations into a consolidated report, and distribute such financial reports together with consolidated programme reports produced by the sectoral focal points designated by the Trust Fund Steering Committee to each donor that has contributed to the Fund, in accordance with Article IV below;
  - e. Compile and provide final reporting, including notification that the Projects involved have been operationally and financially completed, in accordance with Article IV below, based on reports received from the Participating UN Organizations;
  - f. Under the overall guidance of the Trust Fund Steering Committee, provide staffing support on behalf of the Participating UN Organizations at the Facility Secretariat established under the Terms of Reference; and
  - g. Perform such other activities as the Participating UN Organizations and the Administrative Agent may agree in writing.
3. The Administrative Agent shall enter into a letter of agreement, in the form attached hereto as ANNEX 2 (hereinafter referred to as a "Letter of Agreement"), with

each donor that wishes to provide financial support through the Fund. In cases where a Donor earmarks contributions to one or more Participating UN Organizations, the Administrative Agent will consult with the concerned Participating UN Organizations on any significant amendments to the Letter of Agreement proposed by the Donor. For unearmarked contributions, or contributions earmarked towards a sector of activity but not a Participating UN Organization, the Administrative Agent will consult with the Participating UN Organizations on any amendments proposed by a Donor to the extent possible and as necessary.

4. The DSRSRSG, or his/her designate, will decide on the representation of the Participating UN Organizations and the Administrative Agent in the Donor Committee and the UNDG/WB Facility Coordination Committee, described in the Terms of Reference.

5. None of the Participating UN Organizations shall be liable for the acts or omissions of the Administrative Agent or its personnel, or of persons performing services on its behalf, except in regard to any contributory acts or omissions of other Participating UN Organizations. With respect to such contributory acts or omissions of the Participating UN Organizations, the resulting liability shall be apportioned among them or any one of them to the extent of such contributory acts or omissions, or as may otherwise be agreed.

6. The Administrative Agent and the Participating UN Organizations shall be entitled to deduct their indirect costs on contributions received in accordance with the following formula: (i) the Administrative Agent's administrative fee will be [in the range 0.75 to 1.75] percent, depending upon the volume and complexity. The fee will be deducted from the Contribution to the UNDG Iraq Trust Fund at the time it is deposited; (ii) in addition to the above administrative fee, the Administrative Agent may also deduct from the UNDG Iraq Trust Fund and transfer to itself the actual costs of its support to the Secretariat, and of the Administrative Agent staff supporting the Trust Fund Steering Committee in analyzing and appraising activities supported by the Fund; and (iii) indirect costs of the Participating UN Organizations will be based on the applicable regulations and rules of the Participating UN Organizations, taking into account the size and complexity of the particular Project and will be reflected in the Project proposals approved by the Trust Fund Steering Committee. It is expected that such costs will be in the range of 5%-9%, with an average of approximately 7%.

## Article II Financial Matters

### The Administrative Agent

1. The Administrative Agent shall establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received pursuant to Letters of Agreements (hereinafter, the "UNDG ITF Account"). The UNDG

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

2. 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.

3. The Administrative Agent shall make disbursements from the UNDG ITF Account in accordance with provisions in the applicable Letters of Agreement and this Memorandum of Understanding, in line with the budget set out in the specific Project proposals submitted by the concerned Participating UN Organization and approved by the Trust Fund Steering Committee. The disbursements shall consist of direct and indirect costs as set out in the Project proposals.

4. Subject to the availability of funds, the Administrative Agent shall make each disbursement as soon as reasonably possible after receipt of the funds from the Donor, following approval of specific project proposals by the Trust Fund Steering Committee. The Administrative Agent shall transfer funds to each Participating UN Organization through wire transfer in US dollars. Each Participating UN Organization shall advise the Administrative Agent in writing of the bank account for transfers pursuant to this Memorandum of Understanding. When making a transfer to a 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; (c) that the transfer is from UNDP as Administrative Agent in respect of the UNDG Iraq Trust Fund pursuant to this Memorandum of Understanding; and (d) the name or title of the project.

5. Where the balance in the UNDG ITF Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent shall consult with the Trust Fund Steering Committee and make a partial disbursement, if any, in accordance with the Trust Fund Steering Committee's instructions, provided however that such disbursement will not exceed the funds available in the UNDG ITF Account.

#### The Participating UN Organizations

6. Each Participating UN Organization shall establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the UNDG ITF Account. That separate ledger account shall 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 shall 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.

7. Each Participating UN Organization shall use the funds disbursed to it by the Administrative Agent from the UNDG ITF Account to carry out the activities for which it is responsible as set out in the specific Project proposals submitted by the concerned Participating UN Organization, approved by the Trust Fund Steering Committee, covering both direct and indirect costs. The Participating UN Organizations shall commence and continue to conduct operations only upon receipt of disbursements in advance of implementation of the approved project activities, as amended from time to time by the Participating UN Organization and the Trust Fund Steering Committee. The Participating UN Organizations shall not make any commitments above the amounts budgeted in the Project proposals approved by the Trust Fund Steering Committee. If the Participating UN Organization anticipates the need to incur expenditures above the budgeted amounts, such Participating UN Organization shall request the necessary additional funding from the Trust Fund Steering Committee. If no such further financing is available, the activities to be carried out under the Fund may be reduced or, if necessary, terminated by the Participating UN Organizations.

### Article III

#### Activities of the Participating UN Organizations

1. Each of the Participating UN Organizations shall carry out its activities contemplated in the approved Project proposals, in accordance with the regulations, rules, directives and procedures applicable to it. Accordingly, personnel shall be engaged and administered, equipment, supplies and services purchased, and contracts entered into in accordance with the provisions of such regulations, rules, directives and procedures. On the termination or expiration of this Agreement, the matter of ownership of such equipment and supplies shall be determined in accordance with the regulations, rules, directives and procedures applicable to such Participating UN Organizations.
2. The Administrative Agent shall be notified in writing through the Trust Fund Steering Committee of any change in the budget as set out in the specific Project proposals submitted by the concerned Participating UN Organization and approved by the Trust Fund Steering Committee.
3. Where a Participating UN Organization wishes to carry out its Projects through or in collaboration with a third party, it shall be responsible for discharging all commitments and obligations with such third parties, and no other Participating UN Organization, nor the Administrative Agent, shall be responsible for doing so.
4. In carrying out their activities, none of the Participating UN Organizations shall be considered as an agent of any of the others and, thus, the personnel of one shall not be considered as staff members, personnel or agents of any of the others. Without restricting the generality of the preceding sentence, none of the Participating UN Organizations shall be liable for the acts or omissions of the others or their personnel, or of persons performing services on their behalf. In no event shall the Administrative

Agent be liable or responsible for the acts or omissions of the Participating UN Organizations or any one of them in carrying out their activities.

5. Each Participating UN Organization shall advise the Administrative Agent and the Trust Fund Steering Committee in writing, when all activities for which it is responsible under the Fund have been completed.

#### Article IV Reporting

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

(a) Narrative progress reports for each six-month period, to be provided no later than one month after the end of the applicable reporting period;

(b) Semi-annual financial reports as of 30 June and 31 December each year with respect to the funds disbursed to it from the UNDG ITF Account, to be provided no later than four months after the end of the applicable reporting period;

(c) A final narrative report and financial report, after the completion of the Project concerned and including the final year of the Project, to be provided no later than 30 April of the year following the financial closing of the Project;

(d) A final certified financial statement, to be provided no later than 30 June of the year following the financial closing of the Project.

2. The Administrative Agent shall prepare consolidated narrative progress and financial reports consisting of the reports referred to in paragraph 1 (a) to (d) above submitted by each Participating UN Organization, and shall provide those consolidated reports to each donor that has contributed to the UNDG ITF Account, in accordance with the timetable established in the Letter of Agreement.

3. The Administrative Agent shall also provide a financial report and a final certified financial statement to Donors and Participating UN Organizations, on its activities as Administrative Agent, to be provided no later than 30 June of the year following the financial closing of the Project.

Article V  
Monitoring and Evaluation

1. Monitoring and evaluation of the Projects shall be undertaken in accordance with the provisions contained in the specific projects submitted by the concerned Participating UN Organization and approved by the Trust Fund Steering Committee, which are consistent with the respective regulations, rules and procedures of the Participating UN Organizations.
2. In addition, the Administrative Agent will commission an annual, independent lessons-learned and review exercise relating to the operations of the Fund.

Article VI  
Joint Communication

1. Each Participating UN Organization shall 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 assistance provided through the Fund, all related publicity material, official notices, reports and publications, shall acknowledge the role of the Iraqi interim administration, the Participating UN Organizations, the Administrative Agent and any other relevant parties. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating UN Organization and national partner in all external communications relating to the Fund.
2. In addition, whenever possible and to the extent that it does not jeopardize the privileges and immunities of Participating UN Organizations, and the safety and security of their staff, Participating UN organizations will promote donor visibility on information, project materials and at project sites, in accordance with their respective regulations, rules, policies and procedures.

Article VII  
Expiration, modification and termination of the Agreement

1. This Memorandum of Understanding shall expire upon termination of the 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 Parties.
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3. Any of the Participating UN Organizations may withdraw from this Memorandum of Understanding upon giving thirty (30) days' written notice to all other parties to this Memorandum of Understanding stating that it has given notice, of its withdrawal from the Memorandum of Understanding.
4. The Administrative Agent's appointment shall terminate upon termination of the Fund, subject to the continuance in force of paragraph 5 below for the purpose therein stated.
5. Obligations assumed by the Parties under this Memorandum of Understanding shall survive the expiration or termination of this Memorandum of Understanding or the withdrawal of a 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 Parties hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the UNDG ITF Account or in the individual Participating UN Organizations' separate ledger accounts shall be used for a purpose mutually agreed upon by the Participating UN Organizations, the Administrative Agent, the donors and the Trust Fund Steering Committee.

Article VIII  
Notices

1. Any action required or permitted to be taken under this Memorandum of Understanding may be taken on behalf of the Administrative Agent by the Executive Coordinator of the Fund, or his or her designated representative and on behalf of a Participating UN Organization in the official indicated below, or his or her designated representative.
2. Any notice or request required or permitted to be given or made in this Memorandum of Understanding shall be in writing. Such notice or request shall be deemed to be duly given or made when it shall have been delivered by hand, mail, cable or telex to the party to which it is required to be given or made, at such party's address specified in ANNEX 3 to this Memorandum of Understanding or at such other address as the party shall have specified in writing to the party giving such notice or making such request.



**Article IX**  
**Entry into force**

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

**Article X**  
**Settlement of disputes**

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

***For the Administrative Agent***

Signature: (sign)  
Name: Bisrat Aklilu  
Title: Executive Coordinator, MDTF Office  
Place: New York, USA  
Date: 30 January 2004

***For the WFP***

Signature: (sign)  
Name: Jean-Jacques Graisse  
Title: Senior Deputy Executive Director  
Place: New York, USA  
Date: 30 January 2004

***For UN-HABITAT***

Signature: (sign)  
Name: Anna Kajumulo Tibaijuka  
Title: Executive Director  
Place: New York, USA  
Date: 12 February 2004

***For UNOPS***

Signature: (sign)  
Name: Nigel Fisher  
Title: Executive Director  
Place: New York, USA  
Date: 12 February 2004

***For UNICEF***

Signature: (sign)  
Name: Ellen Yaffe  
Title: Comptroller  
  
Place: New York, USA  
Date: 12 February 2004

***For WHO***

Signature: (sign)  
Name: Dr. David Nabarro  
Title: Representative of the Director General for  
Health Action in crisis  
Place: Geneva, Switzerland  
Date: 17 February 2004

***For UNIFEM***

Signature: (sign)  
 Name: Teckie Ghebre-Medhin  
 Title: Deputy Director-Operations  
 Place: New York, USA  
 Date: 20 February 2004

***For FAO***

Signature: (sign)  
 Name: Florence Chenoweth  
 Title: Director, FAO Liaison Office  
 Place: New York, USA  
 Date: 21 February 2004

***For UNFPA***

Signature: (sign)  
 Name: Imelda J.M. Henkin  
 Title: Deputy Executive Director,  
 Management  
 Place: New York, USA  
 Date: February 2004

***For UNESCO***

Signature: (sign)  
 Name: Koïchiro Matsuura  
 Title: Director General  
 Place: Paris, France  
 Date: 27 February 2004

***For UNDP***

Signature: (sign)  
 Name: Dr. Rima Khalaf Hunaidi  
 Title: Assistant Administrator and Regional  
 Director for Arab States  
 Place: New York, USA  
 Date: 15 March 2004

***For UNHCR***

Signature: (sign)  
 Name: Kamel Morjane  
 Title: Assistant High Commissioner for  
 Refugees  
 Place: Geneva, Switzerland  
 Date: 19 April 2004

***For UNODC***

Signature: (sign)  
 Name: Antonio Maria Costa  
 Title: Executive Director  
 Place: Vienna, Austria  
 Date: 21 April 2004

***For ITU***

Signature: (sign)  
 Name: Yoshio Utsumi  
 Title: Secretary General  
 Place: Geneva, Switzerland  
 Date: 22 April 2004

***For UNEP***

Signature: (sign)  
 Name: Amedeo Buenojuti  
 Title: Chief, office of the Executive Director  
 Place: Nairobi, Kenya  
 Date: 23 April 2004

***For ILO***

Signature: (sign)  
 Name: Donald Skerret  
 Title: Executive Coordinator  
 Place: Geneva, Switzerland  
 Date: 4 May 2004

***For UNIDO***

Signature: (sign)  
 Name: Renato Fomocaldo  
 Title: Vienna, Austria  
 Place: 17 May 2004  
 Date: 26 February 2008

***For ESCWA***

Signature: (sign)  
 Name: Mervat Tallawy  
 Title: Executive Secretary  
 Place: Beirut, Lebanon  
 Date: 12 July 2004

***For the UN -DPA***

Signature: (sign)

Name: Kieran Prendergast

Title: Under Secretary General

Place: New York, USA

Date: 10 August 2004

***For OHCHR***

Signature: (sign)

Name: Louise Arbour

Title: High Commissioner for Human Rights

Place: New York, USA

Date: 04 October 2004

***For IOM***

Signature: (Sign)

Name: Luca Dall'Oglio

Title: Permanent Observer to the UN

Place: New York, USA

Date: 26 July 2007