



**Arrangement Between  
The Government of Australia  
and the United Nations Development Programme (UNDP)  
in Respect of the ACT for Peace Programme**

WHEREAS Government of Australia (herein referred to as "The Donor") hereby agrees to contribute additional funds to the United Nations Development Programme (herein referred to as "UNDP") on a cost-sharing basis for the implementation of the ACT for Peace Programme (hereinafter referred to as the "Programme") in the Philippines.<sup>1</sup>

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the programme,

WHEREAS the Government of the Philippines has been duly informed of the contribution of the Donor to the programme,

WHEREAS UNDP shall designate an Implementing Partner for the implementation of the Programme (the Implementing Partner),

NOW THEREFORE, UNDP and the Donor hereby agree as follows:

**Article I. The Contribution**

1. The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of Seventeen Million Australian Dollars (AUD 17,000,000). The contribution shall be deposited in the following account:

UNDP Contributions (AUD) Account  
Reserve Bank of Australia  
Account No 81660-1

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<sup>1</sup> The Programme is described in the ACT for Peace Programme Document.

65 Martin Place  
Sydney, AUSTRALIA  
Swift Address: RSBKAU2S  
Reference: Australia, ACT for Peace Programme in the Philippines

<u>Schedule of payments</u>	<u>Amount (AUD\$)</u>
6 June 2005	\$6,500,000.00
6 December 2006	\$6,500,000.00
6 June 2008	\$4,000,000.00

2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be available, the assistance to be provided to the programme may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of programme delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.

## **Article II. Utilization of the Contribution**

1. The implementation of the responsibilities of UNDP and of the Implementing Partner pursuant to this Arrangement and the programme document shall be dependent on receipt by UNDP of the contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or

unforeseen contingencies), UNDP shall submit to the Donor on a timely basis a supplementary estimate showing the further financing that will be necessary. The Donor shall use its best endeavours to obtain the additional funds required.

3. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2 above is not forthcoming from the Donor or other sources, the assistance to be provided to the programme under this Arrangement may be reduced, suspended or terminated by UNDP.

4. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

5. Consistent with UN Security Council Resolutions relating to terrorism, including UNSC Resolution 1373 (2001) and 1267 (1999) and related resolutions, both the Donor and UNDP are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of the Donor to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, UNDP undertakes to use all reasonable efforts to ensure that none of the donor funds provided under this grant agreement are used to provide support to individuals or entities associated with terrorism. If, during the course of this Agreement UNDP discovers a link with any organization or individual associated with terrorism it must inform the Donor immediately.

### **Article III. Administration and reporting**

1. Programme management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Implementing Partner.

2. UNDP headquarters and country office shall provide to the Donor all or parts of the following reports prepared in accordance with UNDP accounting and reporting procedures.

- (a) Narrative progress report every twelve months, to be provided no later than three months after the end of the applicable reporting period, as well as other interim reports which may be produced in between;

- (b) Proceedings of Program Coordination Committee meetings;
- (c) Annual certified financial report as of 31 December each year with respect to the funds disbursed from the Programme, to be provided no later than 30 June of the following year;
- (d) A final narrative report, including provisional financial data, after the completion of the 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;
- (e) A final certified financial statement on its activities, to be provided no later than 30 June of the year following the financial closing of the Programme;
- (f) All major reports covered under the Programme Monitoring and Evaluation System detailed in the Programme document including, but not limited to, Annual Cumulative Performance Reports by Component, Annual Cumulative Performance Reports by Area and all major baseline studies.

3. If special circumstances so warrant, the Donor may, separately or jointly with other partners, take the initiative to evaluate or review its co-operation with the UNDP under this agreement in accordance with Annex 1, for purposes such as to establish whether contributions have been used for their intended purposes. The UNDP shall be informed about such initiatives and may be invited to join. The UNDP shall upon request assist in providing relevant information within the limits of its regulations and rules. All major costs shall be borne by the Donor, unless otherwise agreed.

4. In accordance with the Programme document, the Donor will be a member of the Programme Coordination Committee and may participate, as appropriate, in such other interagency-coordination groups as might be established by the Implementing Partner or UNDP.

5. In addition to the formal reporting requirements set out in this Agreement, UNDP will keep the Donor informed of progress, challenges and key issues for the Project as they arise, through informal contact with the Embassy of Australia to the Philippines.

6. In accordance with its rules, regulations and procedures UNDP will, where feasible, endeavour to maximise opportunities for building the identity of the Programme as Australian-funded (e.g., through appropriate references in Programme-related documentation and public information about the Programme).

#### **Article IV. Administrative and support services**

1. In accordance with the decisions and directives of UNDP's Executive Board, the contribution shall be charged:

(a) 5% cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices

(b) as necessary, direct cost for implementation support services (ISS) provided by UNDP and/or a UN agency/ies to the Implementing Partner.

2. The aggregate of the amounts budgeted for the programme, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the programme under this Arrangement as well as funds which may be available to the programme for programme costs and for support costs under other sources of financing.

#### **Article V. Equipment**

1. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

#### **Article VI. Auditing**

1. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information shall be made available to the Donor.

### **Article VII. Completion of the Arrangement**

1. UNDP shall notify the Donor when all activities relating to the programme have been completed.
2. Notwithstanding the completion of the programme, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of the programme have been satisfied and programme activities brought to an orderly conclusion.
3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the Donor and consult with the Donor on the manner in which such commitments and liabilities may be satisfied.
4. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.

### **Article VIII. Termination of the Arrangement**

1. After consultations have taken place between the Donor, UNDP and the programme country Government, and provided that the payments already received are, together with other funds available to the programme, sufficient to meet all commitments and liabilities incurred in the implementation of the programme, this Arrangement may be terminated by UNDP or by the Donor. The Arrangement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Arrangement.
2. Notwithstanding termination of all or part of this Arrangement, UNDP shall continue to hold up to the date of termination, unutilized payments until all commitments and liabilities incurred in the implementation of all or the part of the project, for which this Arrangement has been terminated, have been satisfied and project activities brought to an orderly conclusion.
3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.

### **Article IX. Amendment of the Arrangement**

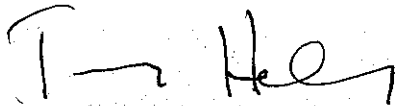
The Arrangement may be amended through an exchange of letters between the Donor and UNDP. The letters exchanged to this effect shall become an integral part of the Arrangement.

### **Article X. Entry Into Force**

This Arrangement shall enter into force upon signature and deposit by the Donor of the first contribution-payment to be made in accordance with the schedule of payments set out in Article I, paragraph 1 of this Arrangement and the signature of the PSD/project document by the concerned parties.

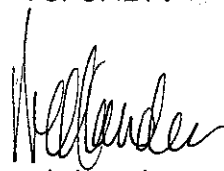
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Arrangement in the English language in two copies.

For the Donor:



Tony Hely  
Ambassador Extraordinary and Plenipotentiary  
Australian Embassy  
30 May 2005

For UNDP:



Deborah Landey  
Resident Representative

30 May 2005

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**Annex 1: Administrating and Reporting Requirements**

In addition to the requirements as set out in Article III (Administration and Reporting) of the Agreement, the Donor may, separately or jointly with other partners, take the initiative to evaluate or review its co-operation with the UNDP in the following activities:

- a) Joint Monitoring and Evaluation Activities as outlined in the Programme Monitoring and Evaluation System. UNDP will provide timely notification of all progress evaluation missions and invite the Donor to participate in these missions.
- b) Joint Monitoring Meetings. UNDP and the Donor shall participate in annual joint monitoring meetings as agreed to by both parties of the Agreement to review progress of the Programme.
- c) Independent Reviews and Assessments. The UNDP shall be informed about such initiatives of the Donor and may be invited to join. The UNDP shall upon request assist in providing relevant information within the limits of its regulations and rules.