

**STANDARD LETTER OF AGREEMENT  
BETWEEN  
THE UNITED NATIONS DEVELOPMENT PROGRAMME  
AND  
[(a) A GOVERNMENT MINISTRY/INSTITUTION or (b) A UNITED NATIONS  
AGENCY]  
ON THE IMPLEMENTATION OF [NAME OF UNDP PROGRAMME/PROJECT]  
WHEN UNDP SERVES AS EXECUTING ENTITY**



**HOW TO USE THIS LETTER**

- This Letter is used when (a) a Government ministry/institution or (b) a UN agency cooperates with UNDP to carry out activities when UNDP serves as an executing entity. Such direct execution by UNDP is permitted only in exceptional circumstances based on Executive Board Decision 98/2 (see para. 8(g)), UNDP Financial Rule 117.03 and Regulation 17.05.
- UNDP, as executing entity, prepares this Letter in consultation with (a) the Government ministry/institution or (b) the UN agency concerned (the signatories to the Letter of Agreement).
- Pursuant to Financial Rule 117.03, UNDP has to ensure that in directly executing the project/programme mentioned in this Letter, the policies and procedures governing the use of resources by UNDP under Chapter F of its Financial Regulations and Rules shall be applicable.
- After signature, UNDP keeps one original and provides (a) the Government ministry/institution or (b) UN agency with a copy, and the latter keeps the other original.

Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as “UNDP”) in [*the name of programme country*] and officials of [(a) *name of Government ministry/institution*] (hereinafter referred to as the “Government institution”) or [(b) *name of United Nations agency*] (hereinafter referred to as the “UN agency”) with respect to the provision of services by [(a) *the Government institution*] or [(b) *the UN agency*] in the implementation of the programme/project [*number and title of programme/project*], as specified in Attachment 1: Project Document, to which UNDP has been selected as executing entity.

2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the services to be provided by [(a) *the Government institution*] or [(b) *the UN agency*] towards the programme/project, as specified in Attachment 2: Description of Services (hereinafter referred to as “Services”). Close consultations will be held between [(a) *the Government institution*] or [(b) *the UN agency*] and UNDP on all aspects of the Services.

3. [(a) *The Government institution*] or [(b) *the UN agency*] shall use its best efforts to ensure that personnel recruited for the programme/project are of the highest standards of efficiency, competence, and integrity.
4. [(a) *The Government institution*] or [(b) *the UN agency*] shall be fully responsible for the provision, with due diligence and efficiency, of all services performed by its personnel and for ensuring that all relevant [(a) *labor laws*] or [(b) *the UN agency regulations and rules*] are complied with and that the principles of competitive bidding are observed.
5. In carrying out the activities under this Letter, [(a) *the Government institution*] or [(b) *the UN agency*] shall be considered as having the legal status of an independent contractor vis-à-vis UNDP. The personnel and sub-contractors of [(a) *the Government institution*] or [(b) *the UN agency*] shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of [(a) *the Government institution*] or [(b) *the UN agency*] or its personnel, or of its contractors or their personnel, in performing the Services under the programme/project or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by [(a) *the Government institution*] or [(b) *the UN agency*], and its personnel as a result of their work pertaining to the programme/project.
6. As executing entity, UNDP shall retain overall responsibility for the programme/project and shall designate a programme/project coordinator.
7. The personnel assigned by [(a) *the Government institution*] or [(b) *the UN agency*] to the programme/project, and under contract with [(a) *the Government institution*] or [(b) *the UN agency*] shall work under the supervision of the programme/project coordinator. The supervisory arrangements shall be determined in mutual consultation between UNDP and [(a) *the Government institution*] or [(b) *the UN agency*] and described in the relevant terms of reference of the personnel. These personnel shall remain accountable to [(a) *the Government institution*] or [(b) *the UN agency*] for the manner in which assigned functions are discharged under [(a) *applicable laws*] or [(b) *the UN agency regulations and rules*].
8. In the event of disagreement between the programme/project coordinator and the programme/project personnel of [(a) *the Government institution*] or [(b) *the UN agency*], the programme/project coordinator shall refer the matter under dispute to [(a) *the Government institution*] or [(b) *the UN agency*] for the purpose of finding a satisfactory solution. In the interim, the decisions of the programme/project coordinator shall prevail.
9. Any subcontractors, including NGOs assigned by [(a) *the Government institution*] or [(b) *the UN agency*] to the programme/project, and under contract with [(a) *the Government institution*] or [(b) *the UN agency*], shall work under the supervision of the designated official of [(a) *the Government institution*] or [(b) *the UN agency*]. These subcontractors shall remain accountable to [(a) *the Government institution*] or [(b) *the UN agency*] for the manner in which assigned functions are discharged.

10. Upon signature of this Letter and pursuant to the budget and the work plan of the Project Document, UNDP will make payments to [(a) *the Government institution*] or [(b) *the UN agency*], according to the schedule of payments specified in Attachment 3: Schedule of Services, Facilities and Payments.

11. [(a) *The Government institution*] or [(b) *the UN agency*] shall not make any financial commitments or incur any expenses which would exceed the budget for implementing the programme/project as set forth in the Project Document. [(a) *The Government institution*] or [(b) *the UN agency*] shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when [(a) *the Government institution*] or [(b) *the UN agency*] is aware that the budget to carry out these Services is insufficient to fully implement the programme/project in the manner set out in the Project Document. UNDP shall have no obligation to provide [(a) *the Government institution*] or [(b) *the UN agency*] with any funds or to make any reimbursement for expenses incurred by [(a) *the Government institution*] or [(b) *the UN agency*] in excess of the total budget as set forth in the Project Document.

12. [(a) *The Government institution*] or [(b) *the UN agency*] shall maintain separate accounts, records and supporting documentation relating to the programme/project, including funds received and disbursed by [(a) *the Government institution*] or [(b) *the UN agency*].

13. [(a) *The Government institution*] or [(b) *the UN agency*] shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December). The report will be submitted to UNDP through the UNDP Country Director or UNDP Resident Representative within 30 days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by [(a) *the Government institution*] or [(b) *the UN agency*] in the financial report for [*number and title of programme/project*].

14. [(a) *The Government institution*] or [(b) *the UN agency*] shall submit such progress reports relating to the programme/project as may reasonably be required by the programme/project coordinator in the exercise of his or her duties.

15. [(a) *The Government institution*] or [(b) *the UN agency*] shall submit annually to UNDP audited or certified statement of accounts showing the status of the funds provided to it by UNDP.

16. [(a) *The Government institution*] or [(b) *the UN agency*] shall provide UNDP with an annual report of non-expendable equipment purchased by [(a) *the Government institution*] or [(b) *the UN agency*] for the programme/project. The report shall be submitted within 30 days following 31 December, and shall be included by UNDP in the main inventory for the programme/project.

17. [(a) *The Government institution*] or [(b) *the UN agency*] shall furnish a final report within 12 months after the completion or termination of the programme/project, including all relevant audited or certified financial statements and records related to such programme/project.

18. Title to any equipment and supplies that may be furnished by UNDP or procured through UNDP funds shall rest with UNDP until such time as ownership thereof is transferred. Except for equipment whose title has been transferred, all other equipment shall be returned to UNDP at the conclusion of the programme/project. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to [(a) the Government institution] or [(b) the UN agency], subject to normal wear and tear. [(a) The Government institution] or [(b) the UN agency] shall be liable to compensate UNDP for equipment determined to be damaged or degraded beyond normal wear and tear.

19. Any changes to the Project Document which would affect the work being performed by [(a) the Government institution] or [(b) the UN agency] in accordance with Attachment 2 shall be recommended only after consultation between the parties.

20. For any matters not specifically covered by this Letter, the appropriate provisions of the Project Document and revisions thereof and the appropriate provisions of the Financial Regulations and Rules of UNDP shall apply.

21. The arrangements described in this Letter will remain in effect until the end of the programme/project, or the completion of activities of [(a) the Government institution] or [(b) the UN agency] according to Attachment 3, or until terminated in writing (with 30 days notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by [(a) the Government institution] or [(b) the UN agency] unless it receives written indication to the contrary from UNDP.

22. Any balance of funds that is undispersed and uncommitted after the conclusion of the programme/project shall be returned to UNDP.

23. Any amendment to this Letter shall be effected by mutual agreement, in writing,

24. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to [*name and address of Country Director/Resident Representative, UNDP*].

25. [(a) The Government institution] or [(b) the UN agency] shall keep the UNDP Country Director/Resident Representative fully informed of all actions undertaken by them in carrying out this Letter.

26. Except as provided in paragraph 8 above, any dispute between the UNDP and [(a) the Government institution] or [(b) the UN agency] arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the

agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

27. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for your [*the Government institution's*] or [*the UN Agency's*] participation in the implementation of the programme/project.

Yours sincerely,  
Signed on behalf of UNDP

[*Name and title*]  
[*Date*]

Signed on behalf of [(a) *the Government institution*] or [(b) *the UN agency*]  
[*Name and title*]  
[*Date*]

Attachment 1

PROJECT DOCUMENT

Attachment 2

DESCRIPTION OF SERVICES

Programme/project number:

Programme/project title:

Work to be performed by [(a) the Government institution] or [(b) the UN agency]

Provide a summary of the results to be achieved by [(a) the Government institution] or [(b) the UN agency], particularly the outputs they are expected to produce. Explain also the activities to be carried out by [(a) the Government institution] or [(b) the UN agency].

Description of services:

Provide a detailed description of the programme/project inputs by component. This may include identifying candidates for programme/project posts based on terms of reference provided by UNDP or recruiting already identified candidates.

Annexes:

Attach, as appropriate, job descriptions for consultants, terms of reference for contracts, technical specifications for equipment items, training nomination forms, etc.

Attachment 3

## SCHEDULE OF SERVICES, FACILITIES AND PAYMENTS

Section	Budget line	Work months	Total costs	Estimated Expenditure by year		Schedule of payments	
				Year 1	Year...n	Year...n	Year...n
Section 1: Personnel							
Section 2: Contracts							
Section 3: Training							
Section 4: Equipment							
Section 5: Miscellaneous							
Section 6: Micro-capital grants							
Total							

Note:

- Expenditures for personnel services may be limited to salary, allowances and other entitlements, including the reimbursement of income taxes due and travel costs on appointment to the programme/project, duty travel within the programme country or region and repatriation costs.
- UNDP shall be responsible for providing miscellaneous services such as secretarial assistance, postage and cable services and transportation as may be required by [(a) the Government institution] or [(b) the UN agency] in carrying out their assignment.
- Adjustments within each of the sections may be made in consultation between UNDP and [(a) the Government institution] or [(b) the UN agency]. Such adjustments may be made if they are in keeping with the provisions of the Programme Support/Project Document and if they are found to be in the best interest of the programme/project.

Attachment 4

MODEL UNDP EXPENDITURE REPORT