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GENERAL FRAMEWORK AGREEMENT
BETWEEN
THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG
AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)

Preamble

The Government of the Grand-Duchy of Luxembourg (hereinafter called « Luxembourg ») and the United Nations Development Programme (hereinafter called « UNDP »),

Considering that at the Millennium Summit the international community decided on a series of goals, especially to reduce extreme poverty by half until 2015, and that the achievement of these goals is a collective undertaking that requires a strong partnership of all development actors, such as has been defined at the Conference in Monterrey and stated again in Johannesburg,

Considering that it is urgent that these goals, adopted by the international community, be translated into concrete actions, enabling the creation of a worldwide framework for development that can address that challenge,

Considering that UNDP has a central role to play in that international context through :

- its coordination role of operational development activities of the United Nations at field level and through UNDP's Administrator's chairmanship of the United Nations Development Group,
- its follow-up mission in the implementation of the four pillars of the United Nations' core strategy for the achievement of the Millennium Development Goals,
- its essential advisory and support role in the elaboration of public policies in development countries aiming to enable a sustainable human development, to fight poverty and to help prevent crises and to make the transition to development following crisis situations,

Considering the Multi-year funding framework (MYFF) approved by the Executive Board of UNDP for the years 2004-2007, and the thematic priorities it sets for the Organization,

Considering that it is indispensable to join the efforts of different actors in the area of development,

Considering the importance the Government of Luxembourg attaches to the international development issues and to the achievement of the Millennium Development Goals,

Now, therefore, Luxembourg and UNDP have decided to sign this Framework Agreement in order to strengthen their relationship through a coherent, predictable and structured framework for collaboration. The overall objective of the Agreement is to support UNDP and the realization of its activities, as described in the Multi-year funding framework approved by the Executive Board. Luxembourg and UNDP agree as follows:

Article 1 - Instruments and Forms of Collaboration

For the implementation of the Framework Agreement, Luxembourg shall be represented by the Ministerial authority which has Development Cooperation in its portfolio, or his/her designate, while UNDP shall be represented by the Administrator, or his/her designate. All communication shall be between the above mentioned persons and/or their representatives.

1. Luxembourg is committed, within its financial means, to contribute yearly to UNDP's Regular Resources, dealt with hereafter in article 2.
2. Luxembourg will consider, as appropriate, supplementary funding of UNDP thematic trust funds, dealt with hereafter in article 3.
3. Luxembourg will also consider, as appropriate, supplementary funding of UNDP projects, dealt with hereafter in article 4.
4. All contributions described under 1., 2. and 3. under this article shall be subject to approval by the Luxembourg parliament and subject to the evolution of Luxembourg's Official Development Assistance.

Article 2.- Contribution to Regular Resources

1. Regular Resources are the basis of all UNDP's work. They guarantee universality, neutrality and independence of the programmes. In order to be able to work in a coherent and predictable way, it is essential for UNDP to achieve a critical level of resources to accomplish its mission and mandate.
2. Luxembourg fully supports the target set by the Executive Board of a yearly 1.1 billion US dollars for regular resources of UNDP and decides to make an annual contribution to the regular resources of UNDP, which should aim to be at least at the same level as that of the previous year, subject to the evolution of Luxembourg's Official Development Assistance.
3. The payment will be made in Euros in the first quarter of the year in one tranche.

Article 3 - Other Resources / Thematic Funding

1. Luxembourg will support the following thematic trust funds with an annual contribution, which should aim to be at least at the same level as that of the previous year (starting in 2004):

- a. Poverty Reduction
 - b. Democratic Governance
2. In accordance with the Executive Board decisions on support costs as in effect at the time of signature of this Agreement the Government of Luxembourg's contribution will include the following general management and implementation support costs:
 - a) (7%) overhead for the provision of general management support (GMS) by UNDP headquarters and country offices
 - b) direct cost for implementation support services (ISS) for the services provided by UNDP and/or an implementing partner.
3. Beyond monitoring and reporting requirements conducted according to its regulations, rules and directives, UNDP agrees to keep the Government of Luxembourg informed of key issues, problems and progress in the thematic areas as appropriate.
4. The contributions will, as far as possible, be made in the first semester of the year in Euros, in one tranche per thematic trust fund.
5. Luxembourg may decide, after consulting UNDP, to change the list of thematic areas that it wishes to support.

Article 4 – Other Resources / Contributions to Projects / Programmes

1. In addition to regular and thematic contributions, Luxembourg may consider the financing of programmes/projects at country level, mainly in the ten Luxembourg focus countries¹.
2. The programmes / projects should be complementary to other activities funded by the Luxembourg cooperation.
3. Where feasible, full payment will be made upfront in Euros. Whether payment is made upfront or in a scheduled manner, the implementation of project activities by UNDP will be subject to receipt of these funds in advance of the planned activities.
4. For each contribution, a standard Project Obligation Form (POF) between Luxembourg and UNDP will be signed. The specific POF will refer to the rules and procedures accepted in the General Agreement. A sample POF is attached to this General Agreement as annex 1.

¹ Burkina Faso, Cape Verde, Mali, Namibia, Niger, Senegal, Laos, Vietnam, El Salvador, Nicaragua

- d. All financial reports and statements of account will be expressed in United States Dollars.
- e. UNDP shall acknowledge receipt of the contributions in writing.
- f. If the contributions are paid in Euros, the value of the contributions in US Dollars will be determined by using 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 UNDP of the contributions, 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 Luxembourg with a view to determining whether any further financing could be provided by them. If further financing is not available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
- g. The contributions will include the general management and implementation support service costs at levels approved by the UNDP Executive Board.
- h. The contributions shall be subject exclusively to the internal and external auditing procedures provided for in UNDP's Financial Regulations and Rules, and other applicable directives of UNDP.
- i. Any identifiable interest accrued from temporary credit balances of project funds shall be used in accordance with UNDP's Financial Regulations and Rules.
- j. On completion of a programme/project, any remaining unspent balance of US\$10,000 or less can be utilised by UNDP for a similar purpose as the original contribution. Any unspent balance above \$10,000 may be utilised for a similar purpose but with prior consent from Luxembourg.
- k. UNDP is authorised to do a no-cost extension not exceeding six months of any Luxembourg supported programme/project if it is deemed necessary. UNDP will inform Luxembourg of this extension. Any extension request beyond six months has to be approved in advance by Luxembourg.
- l. Procurement of goods, works or consultants shall be carried out in accordance with the financial regulations, rules and directives of UNDP, including those relating to international competitive bidding where

relevant. All suppliers of goods and services shall be given the same opportunities to participate in bidding.

- m. Ownership of equipment, supplies and other property financed from the contribution shall be vested in UNDP and such equipment, supplies and other property shall be disposed of by UNDP in accordance with its applicable regulations, rules, and directives.
- n. If any dispute arises relating to the implementation of the project, there shall be consultations between UNDP and Luxembourg, with a view to reaching an agreement. Both UNDP and Luxembourg may terminate the individual project agreement by giving three months written notice to the other party.
- o. In the case of termination of a project, UNDP will continue to hold any unutilised contribution for a period not exceeding six months to ensure that all prior commitments and liabilities incurred in implementation of the project have been satisfied.
- p. All contributions shall be made to the following bank accounts

<u>For payment in EUR</u>	<u>For payment in US Dollars</u>
UNDP Euro Contributions Account # 62722 022 Bank of America, London 5 Canada Square London, E14 5AQ, England SWIFT Code: BOFAGB22	UNDP Contributions Account Account # 015-002284 JP Morgan Chase Bank 1166 Avenue of the Americas, 17 th floor New York SWIFT Code: CHASUS33

Article 6 - Reporting

UNDP's Reporting obligations to Luxembourg will be as follows:

1. **Regular Resources:** Consistent with the decisions of its Executive Board, UNDP will provide an annual report and regular financial reporting on the use of Regular Resources, in the form of a Results-Oriented Annual Report, which will include information on the effectiveness, efficiency, impact and sustainability of UNDP's activities, as outlined in the MYFF, and of an annual financial review.
2. **Thematic contributions:** UNDP will submit Annual Reports on the thematic area, which shall acknowledge the contribution of Luxembourg as per UNDP's standard format for

thematic reporting. These reports will aim to be analytical. In addition, Luxembourg's contribution towards these thematic areas will be duly reflected and recognised in UNDP's publications.

3. Contributions to programmes/projects: UNDP shall submit to Luxembourg
 - a) An annual Standard Progress Report, which shall include narrative and financial information as provided by the country office. The narrative reports will discuss the inputs, activities, outputs, outcomes, results and impact of the programme/project as appropriate.
 - b) From UNDP Bureau of Management/ Comptroller's Division, on completion of the programme/ project, a certified financial statement to be submitted no later than 30 of June of the year following the financial closing of the project.
4. Beyond formal monitoring and reporting requirements, UNDP agrees to keep Luxembourg informed of key issues, problems or progress in the project as appropriate.
5. UNDP and Luxembourg shall consult on Luxembourg participation in evaluations or mid-term reviews of programmes/projects financed by Luxembourg. The cost of such participation will be covered by Luxembourg.

Article 7 - Bilateral Consultations

1. Luxembourg and UNDP will hold annual consultations, taking place either in Luxembourg or in New York, to exchange views on policies and activities of UNDP, especially those funded by Luxembourg.
2. The annual review shall also include a discussion on the state of collaboration between the parties, and a general review of all projects financed by Luxembourg.
3. Luxembourg will aim to actively participate in the Executive Board sessions of UNDP.
4. If any dispute arises relating to the implementation of a project, there shall be consultations between UNDP and the Government of Luxembourg, with a view to reach an agreement.

Article 8 - General Provisions

1. The Framework Agreement shall enter into force upon signature by both parties.

2. The Framework Agreement shall remain in force unless terminated by mutual agreement or by one party terminating the Framework Agreement by three months written notice to the other party.
3. Upon termination of the Framework Agreement, and unless the parties agree otherwise, contractual obligations entered into between UNDP and any third party prior to the receipt of the notice of termination shall not be affected by the termination.
4. Any dispute, which may arise between the parties as to the interpretation, application or performance related to the Framework Agreement, shall be settled by negotiation.
5. IN WITNESS WHEREOF, the undersigned, being duly authorised thereto, have signed the Framework Agreement in two originals in the English language.

For the Government of the
Grand Duchy of Luxembourg

Signature: _____

Name: M. Jean-Marc Hoscheit
Ambassador
Permanent Representative

Date: June 8th 2004

Place: Permanent Mission of Luxembourg
to the United Nations

For the United Nations
Development Programme

Signature: _____

Name: M. Zéphirin Diabré
Associate Administrator

Date: June 8th 2004

Place: Permanent Mission of Luxembourg
to the United Nations

Model Project Obligation Form for Project / Programme contributions by Luxembourg:

PROJECT OBLIGATION FORM

between

The Grand Duchy of Luxembourg

and

The United Nations Development Programme

This Project Obligation is based on the General Agreement between Luxembourg and UNDP, signed on UNDP will administer the Contribution in accordance with the provisions of the Framework Agreement, except as otherwise provided herein. The Contribution will be used exclusively for the following purposes as laid out in the project document submitted to Luxembourg by UNDP and attached to this POF.

Project title:

Duration:

Total budget :

Including fee of:

Payment shall be made to on of the following bank accounts in accordance with the following schedule:

	<u>Date payment due</u>	<u>Amount</u>
(i)	Upon signature of agreement	_____
(ii)	_____	_____
(iii)	_____	_____

<u>For payment in EUR</u>	<u>For payment in US Dollars</u>
UNDP Euro Contributions Account # 62722 022 Bank of America, London 5 Canada Square London, E14 5AQ, England SWIFT Code: BOFAGB22	UNDP Contributions Account Account # 015-002284 JP Morgan Chase Bank 1166 Avenue of the Americas, 17 th floor New York SWIFT Code: CHASUS33

Two originals of the text of this Arrangement, written in English language, have been signed by the Parties.

For the Government of the
Grand Duchy of Luxembourg

For the United Nations
Development Programme

Signature: _____

Signature: _____

Name:

Name:

Date:

Date:

Place:

Place :