

## **FIDUCIARY MANAGEMENT OVERSIGHT GROUP**

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### **GUIDANCE NOTE ON TRANSFERRING CONTRIBUTIONS FROM ONE UN AGENCY TO ANOTHER FOR THE PURPOSE OF PROGRAMMATIC ACTIVITIES**

#### **INTRODUCTION**

This guidance note and template was prepared in response to a number of bottlenecks identified by country offices, the majority of which were the ‘Delivering as One’ pilot countries, as part of the efforts of the Task Team on Financial Issues to identify and address key bottlenecks in the area of finance. The purpose of this note is to facilitate the legal and financing arrangements where two UN agencies are implementing partners and one transfers resources to the other agency to carry out activities. This guidance note and the template agreement do not replace the current agreements under the following arrangements:

- **Joint Programmes, where transfer of resources from one UN agency to another is legalized through UNDG agreed instruments, including Standard Administrative Arrangement (SAA) and Memorandum of Understanding (MOU);**  
The key difference is that under Joint Programmes, either donor(s) contribute to more than one UN agency programmes and each recipient UN agency is accountable to the donor(s), as defined in the UNDG standard agreements (SAA under the Pass-Through fund management modality) or UN agencies decide to pool funds together and entrust the fund management to one UN agency (Managing Agent under Pooled fund management modality), which is also governed by the standard UNDG agreement, i.e. MOU.
- **UNDP arrangements with UN agencies (mainly Specialized Agencies) under the Standard Basic Executing Entity Agreement (SBEEA).**
- **Arrangements among UN entities related to one programme or project funded by the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM).**

In all other cases, the present guidance note and template agreement is to be used when one UN agency transfers resources to another UN agency for the purpose of programmatic activities in the framework of one programme or project. In such arrangements, the “contributing agency” is accountable to the donor(s) and the “recipient agency” is accountable to the “contributing agency” for use of the funds.

Throughout this template agreement the term “contributing agency” is used to refer to the UN agency that will transfer its resources and the term “recipient agency” to the UN agency that will receive resources and implement the programmatic activities.

This standard template provides an overall format and structure and provides options for the agencies to select depending on the circumstances. The standard UN to UN Agency Contribution Agreement template has been agreed upon by the members of the United Nations Development Group (UNDG). UN agencies are strongly discouraged from agreeing between themselves to variations to this standard template.

## **NOTE ON HOW TO FILL IN THE AGREEMENT**

This agreement is to be used among UN agencies when one UN agency contributes funds to another UN agency for specific activities. The content of the agreement has been simplified in order to reduce transaction costs and improve efficiency. The agreement inserted flexibility where needed and included some options when different options are available.

This note provides additional guidance on some specific provisions of the agreement specified below.

### **D. Reporting**

#### 1. Narrative report:

If the contribution is for a time-bound activity, such as a workshop or training for instance, the parties can agree to consider the final delivery, such as the report of the workshop or training, as being the narrative report. This should be discussed and agreed between the parties and indicated under this section of the agreement.

#### 2. Financial report:

If the contribution concerns activities exceeding one year, the parties should agree on annual financial report(s) in addition to the final financial report. The reporting requirements must be agreed before the signing of the agreement and listed under this provision.

### **F. INTELLECTUAL PROPERTY RIGHTS**

Keep the standard provision in the agreement as and when necessary. However, such clause may not be relevant to certain activities. In case of doubt, please refer to your respective financing agreement specialist.

### **K. REFUNDS OF UNSPENT BALANCES**

With regard to the return of unspent balances, agencies which allow for retention of up to USD 1,000 of the unspent balances should opt for the first option. Other agencies, which require the return of the full amount of the unspent balances, should opt for option 2.

Please ensure to annex the project document, work plan or relevant programmatic document describing the activities to be carried out and the budget.

**Please delete this note and any footnotes after completing this document.** The Agreement starts from the next page.

# UN AGENCY TO UN AGENCY CONTRIBUTION AGREEMENT

## A. SUMMARY OF ACTIVITIES

**Title:** ..... (the "Activities")

**Start/End Dates:** Activities start date: [date of receipt of funds]  
Activities end date:

**Location:** xxx

**Contribution Amount:** ..... (the "Contribution")

**Contributing Agency:** [full name of the agency] ("[ NAME OF AGENCY ]")

**Recipient Agency:** [full name of the agency] ("[ NAME OF AGENCY ]")

**Nature of Activities:** xxx

**Purpose** [Short description of the Activities (if applicable, a detailed description of the Activities, the work plan and the budget are attached)]

**Annexes:** In the event that the terms contained in Annex(es) are incompatible with those contained in this Agreement, then the latter shall govern and prevail.  
[List Annex(es), if any]

**Expected outcome:** xxx

The Recipient Agency will be fully responsible for administering the Contribution in accordance with its financial regulations, rules, policies and procedures, and administrative instructions, and carrying out the Activities efficiently and effectively.

## B. BUDGET

The total budget for the Activities is [\_\_\_\_\_], in USD, as more fully described below.

<b>Summary of activities and BUDGET<sup>1</sup></b>	<b>Annual (Years 1, 2, X)</b>	<b>Total (all years)</b>
<b>Total programmable amount, including direct costs</b>		
<b>Indirect support costs</b>		
<b>Grand total</b>		

The Contributing Agency will not be responsible for any financial commitment or expenditure made by the Recipient Agency that exceeds the budget for the Activities. The Recipient Agency will promptly advise the Contributing Agency any time when the Recipient Agency is aware that the budget to carry out these Activities is insufficient to fully implement the Activities in the manner set out in the present Agreement, including its Annex(es). The Contributing Agency will have no obligation to provide the Recipient Agency with any funds or to make any reimbursement for expenses incurred in excess of the total budget as set forth herein.

**C. COSTS RECOVERY**

The Recipient Agency's support costs, determined in accordance with its cost recovery policy, will be paid from the Contribution, in accordance with the budget.

**D. REPORTING**

**Narrative reporting:**

The Recipient Agency will provide the Contributing Agency with a narrative report on the progress of the Activities on a regular basis, as set out below.

[]

**Financial Reporting:**

The Recipient Agency will provide the Contributing Agency with the following financial reports, prepared in accordance with the Recipient Agency's financial regulations, rules, policies, procedures, and administrative instructions:

[]

**E. CONTRIBUTIONS**

The total amounts paid by the Contributing Agency shall match the total budget amount. For Activities less than one year in duration the Contribution will be paid to the Recipient Agency prior to the commencement of Activities. For multi-year Activities the Contribution will be paid in instalments according to the following schedule.

Schedule of payment:

[date (Date-month-year)]	[amount]
[date(Date-month-year)]	[amount]

The Contributing Agency acknowledges that the Recipient Agency will not pre-finance Activities. If the Contribution, or any part of it, is not received in a timely manner, the Activities may be reduced or suspended by the Recipient Agency with immediate effect.

*March 2012*

The Contribution will be paid into the following account:

**Account Details:** [Insert Recipient Agency account details]  
**Currency:** US Dollars  
**Bank Address:**

When making such transfers the Contributing Agency will notify the Recipient Agency, [details] (for the Attention []), by fax ([]) or by e-mail ([]) of the following: (a) the amount transferred; (b) the value date of the transfer; (c) that the transfer is from the Contributing Agency pursuant to this Agreement.

**F. INTELLECTUAL PROPERTY RIGHTS**

All Intellectual Property Rights related to the Activities will belong to the Recipient Agency. The Contributing Agency and, if applicable, the relevant programme Government will enjoy a perpetual, royalty-free, non-exclusive and non-transferable license.

**G. CORRESPONDENCE**

All correspondence regarding the implementation of this Agreement will be addressed to:

[Name of the Contributing Agency]:.....

**Address:**.....

[Name of the Recipient Agency]: .....

**Address:**.....

**H. AMENDMENTS**

The present Agreement, including its Annex(es), may be modified or amended only by written agreement between the two Agencies.

**I. COMPLETION OF THE ACTIVITIES**

The Recipient Agency will notify the Contributing Agency when all Activities have been completed.

The Recipient Agency will continue to hold any part of the Contribution that is unutilized at completion of the Activities until all commitments and liabilities incurred in the carrying out of the Activities have been satisfied and all arrangements associated with the Activities have been brought to an orderly conclusion.

**J. TERMINATION OF THIS AGREEMENT**

This Agreement will terminate upon satisfaction of all commitments and liabilities incurred in carrying out the Activities and the orderly conclusion of all arrangements associated with the Activities.

This Agreement may be terminated by either Agency at any time by written notice to the other. Termination will be effective thirty (30) days after receipt of the notice. In the event of termination under this paragraph, the two Agencies will cooperate to ensure completion of the Activities, satisfaction of all commitments and liabilities, and the orderly conclusion of all arrangements associated with the Activities.

**K. REFUNDS OF UNSPENT BALANCES**

**OPTIONS:**

1. Upon termination of this Agreement and following the submission of the final financial report, any unspent balance of the Contribution (where the unspent funds exceed US\$1,000) will be returned to the Contributing Agency, unless otherwise agreed in writing by the two Agencies.

OR

2. Upon termination of this Agreement and following the submission of the final financial report, any unspent balance from the Contribution will be returned to the Contributing Agency, unless otherwise agreed in writing by the two Agencies.

**L. SETTLEMENT OF DISPUTES**

The two Agencies will use their best efforts to promptly settle through direct negotiations any dispute, controversy or claim arising out of or in connection with this Agreement 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, will be resolved through consultation between the Executive Heads of each of the Agencies.

**M. ENTRY INTO FORCE AND VALIDITY**

This Agreement will enter into force upon its signature by the authorized representatives of the Parties and remain in force until terminated in accordance with Section J above.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in duplicate.

Signed:  
On behalf of the [Name of the Contributing Agency]:

Signed:  
On behalf of the [Name of the Recipient Agency]

*March 2012*