

DESCRIPTION

Standard Memorandum of Understanding (Micro-Capital Grant Agreement)

This Memorandum of Understanding is provided as a tool that can be adapted to the specific needs of a particular programme. Micro-Capital Grant Agreements should be approved by an independent mechanism such as a steering committee or Steering Committee. This grant agreement serves to register the commitments and results that the recipient institution has agreed to produce. It is recommended that funds be released in tranches, based on results. These results should be clearly specified, such that it is clear to all parties when a recipient institution qualifies for release of tranches of funds.

A. MICRO-CAPITAL GRANT AGREEMENT

MICRO-CAPITAL GRANT AGREEMENT BETWEEN UNDP AND THE RECIPIENT INSTITUTION FOR THE PROVISION OF GRANT FUNDS

Micro-Capital Agreement (hereinafter referred to as the “Agreement”) made between the United Nations Development Programme (hereinafter referred to as “**Designated Institution**”) and the Recipient Institution [**INSERT NAME OF Recipient Institution**].

WHEREAS the Designated Institution [**NAME**] and UNDP desire to provide funding to the **RECIPIENT INSTITUTION** in the context of a Programme and on the terms and conditions hereinafter set forth, and

WHEREAS the **RECIPIENT INSTITUTION** is ready and willing to accept such funds from the Designated Institution [**NAME**] and UNDP through the administration of UNDP for the above mentioned activities on the said terms and conditions.

NOW, therefore, the parties hereto agree as follows:

I. Responsibilities of the RECIPIENT INSTITUTION

1.1 The RECIPIENT INSTITUTION agrees to: 1) Undertake the activities described in its **Workplan** and **Budget** (attached), and updates related to the subsequent release of funds in **tranches**; 2) Provide quarterly reports to the Steering Committee; and 3) Provide Annual Audited Statements [Income Statement and Balance Sheets]. In programmes where a technical contractor is providing assistance to the RECIPIENT INSTITUTION, the contractor shall be responsible for verifying the accuracy of these reports/statements. Funds provided pursuant to this Agreement shall be used for purposes related to producing results specified in its annual performance targets [Section C].

1.2 The RECIPIENT INSTITUTION agrees to reach the performance targets contained in Section C. If the RECIPIENT INSTITUTION fails to meet its responsibilities outlined in article 1.1, or [Optional] to attain at least 70% of any one performance target for any given year, then this will be considered grounds for the Steering Committee to suspend any further micro-capital grant support. The suspension shall remain in effect until the RECIPIENT INSTITUTION has achieved the target. In programmes with a technical assistance contractor, the contractor may, at its discretion, continue to provide technical assistance to the RECIPIENT INSTITUTION during this suspension period.

1.3 The RECIPIENT INSTITUTION agrees to inform the Steering Committee about any problems it may face in attaining the objectives agreed upon.

II. Duration

2.1 This Agreement will come into effect on [**INSERT DATE/MONTH/YEAR**] and shall expire on [**INSERT DATE/ MONTH/YEAR**], covering the anticipated term of the project. It can be extended, if necessary by exchange of letters, noting the new expiration date.

III. Payments

3.1 The Designated Institution [In cases of UNDP Support to NEX/Direct Payments: UNDP] shall provide funds to the **RECIPIENT INSTITUTION** in an amount up to [**INSERT CURRENCY & AMOUNT IN FIGURES AND WORDS**] according to the schedule of the project budget set out below. Payments are subject to the **RECIPIENT INSTITUTION** meeting the outputs as specified in the Performance Targets [Section C].

[**INSERT CURRENCY AND AMOUNT**], upon signature of this Agreement.

3.2 All payments shall be deposited into the **RECIPIENT INSTITUTION's** bank account of which the details are as follows:

[NAME OF THE BANK]
[BANK ROUTING NUMBER]
[BENEFICIARY ACCOUNT NAME]
[BENEFICIARY ACCOUNT NUMBER]
[ADDRESS OF THE BANK]

3.3 The amount of payment of such funds is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by the **RECIPIENT INSTITUTION** in the performance of the activities under this Agreement.

IV. Records, Information and Reports

- 4.1 The **RECIPIENT INSTITUTION** shall maintain clear, accurate and complete records in respect of the funds received under this Agreement.
- 4.2 The **RECIPIENT INSTITUTION** shall furnish, compile and make available at all times to the Designated Institution, UNDP any records or information, oral or written, which UNDP may reasonably request in respect of the funds received by the **RECIPIENT INSTITUTION**.
- 4.3 Within sixty days after completion of project activities, the **RECIPIENT INSTITUTION** shall provide the Designated Institution and UNDP with a final report with respect to all expenditures made from such funds (including salaries, travel and supplies) and indicating the progress made toward the goals of the activities undertaken, utilizing the reporting format contained in Annex I.
- 4.4 [Optional: For programmes with Technical Assistance] The **RECIPIENT INSTITUTION** agrees to submit required Performance Reports to the CONTRACTOR within 21 days of the close of each quarter using the attached reporting format (Annex 1) reporting on programme progress. At the beginning to the programme, the **RECIPIENT INSTITUTION** can request CONTRACTOR assistance for the preparation of the forms. The **RECIPIENT INSTITUTION**, however, should develop its own capacity to generate these reports, as they are critical to manage its activities.
- 4.5 All further correspondence regarding the implementation of this Agreement should be addressed to:

For UNDP:

[INSERT NAME OF UNDP RESIDENT REPRESENTATIVE AND ADDRESS]

For the **RECIPIENT INSTITUTION**:

[INSERT NAME OF AUTHORIZED OFFICIAL AND ADDRESS]

V. General Provisions

5.1 This Agreement and the Annexes attached hereto shall form the entire Agreement between **[INSERT ACRONYM OF ENTITY]** and the Designated Institution, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Agreement.

5.2 The **RECIPIENT INSTITUTION** shall carry out all activities described in its Workplan with due diligence and efficiency. Subject to the express terms of this Agreement, it is understood that the **RECIPIENT INSTITUTION** shall have exclusive control over the administration and implementation of the activities referred to above in paragraph 1.1 and that the Designated Institution and UNDP shall not interfere in the exercise of such control. However, both the qualities of work and the progress being made toward successfully achieving the goals of such activities shall be subject to review by the Steering Committee. If at any time the Steering Committee is not satisfied with the quality of work or the progress being made toward achieving such goals, the Steering Committee may advise the Designated Institution to: (i) withhold payment of funds until in its opinion the situation has been corrected; or (ii) declare this

Agreement terminated by written notice to the **RECIPIENT INSTITUTION** as described in paragraph 6.8 below; and/or seek any other remedy as may be necessary. The Steering Committee's determination as to the quality of work being performed and the progress being made toward such goals shall be final and shall be binding and conclusive upon the **RECIPIENT INSTITUTION** insofar as further payments are concerned.

5.3 The Designated Institution and UNDP undertakes no responsibilities in respect of life, health, accident, travel or any other insurance coverage for any person which may be necessary or desirable for the purpose of this Agreement or for any personnel undertaking activities under this Agreement. Such responsibilities shall be borne by the **RECIPIENT INSTITUTION**.

5.4 The rights and obligations of the **RECIPIENT INSTITUTION** are limited to the terms and conditions of this Agreement. Accordingly, the **RECIPIENT INSTITUTION** and personnel performing services on its behalf shall not be entitled to any benefit, payment, compensation or entitlement except as expressly provided in this Agreement.

5.5 The **RECIPIENT INSTITUTION** shall be solely liable for claims by third parties arising from the **RECIPIENT INSTITUTION**'s acts or omissions in the course of performing this Agreement and under no circumstances shall The Designated Institution and UNDP be held liable for such claims by third parties.

5.6 Assets (Equipment) supplied by UNDP funds to the **RECIPIENT INSTITUTION** shall be the property of UNDP until the end of the project, at which time UNDP shall determine the best use of these assets. In cases where the **RECIPIENT INSTITUTION** has met its responsibilities under this agreement, and handover of the asset would contribute to the sustainability of activities, UNDP would normally handover these assets to the **RECIPIENT INSTITUTION**. The assets shall be used for the purpose indicated in the Workplan throughout the period of this Agreement.

5.7 This Agreement may be terminated by either party before completion of the Agreement by giving thirty (30) days written notice to the other party, and the **RECIPIENT INSTITUTION** shall promptly return any unutilized funds to UNDP as per paragraph 6.6 above.

5.8 The **RECIPIENT INSTITUTION** acknowledges that the Designated Institution and UNDP and its representatives have made no actual or implied promise of funding except for the amounts specified by this particular tranche Agreement. Although programme related documents may indicate a total amount of funds that could be available for this **RECIPIENT INSTITUTION**, actual disbursements will be based upon the **RECIPIENT INSTITUTION** meeting performance targets. If any of the funds are returned to the Designated Institution and UNDP or if this Agreement is rescinded, the **RECIPIENT INSTITUTION** acknowledges that the Designated Institution, and UNDP will have no further obligation to the **RECIPIENT INSTITUTION** as a result of such return or rescission.

5.9 No modification of or change to this Agreement, waiver of any of its provisions or additional contractual provisions shall be valid or enforceable unless previously approved in writing by the parties to this Agreement or their duly authorized representatives in the form of an amendment to this Agreement duly signed by the parties hereto.

5.10 Any controversy or claim arising out of, or in accordance with this Agreement or any breach thereof, shall unless it is settled by direct negotiation, be settled in accordance with the UNCITRAL Arbitration Rules as at present in force. Where, in the course of such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force.

The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.

5.11 Nothing in or relating to this Agreement shall be deemed a waiver of any privileges and immunities of the United Nations, or UNDP.

IN WITNESS WHEREOF, the undersigned, duly appointed representatives of the Designated Institution, and the **RECIPIENT INSTITUTION**, respectively, have on behalf of the Designated Institution and the **RECIPIENT INSTITUTION** signed the present Memorandum of Agreement on the dates indicated below their respective signatures.

On behalf of Designated Institution:

Name: _____

Title: _____

Date: _____

On behalf of the RECIPIENT INSTITUTION:

Name: _____

Title: _____

Date: _____