

INTERIM FINANCING AGREEMENT BETWEEN DENMARK AND THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

WHEREAS Denmark hereby agrees to contribute funds to UNDP on a cost-sharing basis (hereinafter referred to as “the Contribution”) for the implementation of [Programme/Project title] (hereinafter referred to as “the Programme/Project”), as described in the Project document [Project number and title]¹, in [global/regional/country programme]. Denmark’s reference, [Denmark reference number/360 number].

WHEREAS UNDP is prepared to receive and administer the Contribution for the implementation of the [Programme/Project],

WHEREAS the Government of [programme country] has been duly informed of the Contribution of Denmark to the [Programme/Project],

WHEREAS UNDP shall designate an Implementing Partner for the implementation of the [Programme/Project] (hereinafter referred to as the “Implementing Partner”),

NOW THEREFORE, UNDP and Denmark (hereinafter jointly referred to as the “Parties”), hereby agree as follows:

Article I. Agreement Documents

1. This document, together with the Annexes attached hereto and referred to below, all of which are incorporated herein and made part thereof, constitute the entire agreement between the Parties concerning Denmark’s financial contribution to the [Programme/Project (“Agreement”):

Annex 1:	[Template] Project Document
Annex 2:	[Template] Project Budget
Annex 3:	[Template] Interim Uncertified Financial report
Annex 4:	Special Provisions
Annex 5:	Sexual Exploitation, Abuse and Sexual Harassment

2. The documents comprising this Agreement are complementary of one another, but in case of ambiguities, discrepancies, or inconsistencies between or among them, the following order of priority shall apply:
 - 1) First, this document, along with Annexes 4 and 5.
 - 2) Second, Annex 1
 - 3) Third, Annex 2
 - 4) Fourth, Annex 3

¹ UNDP may request financing for a project under the basis of a project initiation plan (or similar UNDP document modality) which aims to articulate activity results, schedule, budget and management arrangements aiming to develop an eventual Project Document.

3. This Agreement supersedes all prior representations, agreements, contracts and proposals, whether written or oral, by and between the Parties concerning Denmark's financial contribution to the Project. No promises, understandings, obligations or agreements, oral or otherwise, relating to or concerning the Denmark's financial contribution to the Project exist between the Parties except as herein expressly set forth.

Article II. The Contribution

1. The Contribution

- (a) Denmark's total contribution for the [project/programme title] is Danish Kroner (DKK) [amount] and Denmark commits DKK [amount] upon signature of this Agreement. [The additional commitment of DKK [amount] is subject to Parliamentary approval of the Danish Finance Act for [year]]. The Contribution shall be deposited into the following [bank and bank account²],

Account Name: UNDP Contributions Account
Bank Name: DANSKE BANK (DENMARK)
Account number: 3996034445
Address: Holmens Kanal 2-12, 1092 Copenhagen K., DENMARK
IBAN/ABA: DK0830003996034445
SWIFT Code: DABADKKK

Schedule of payments ³ [specific date]	Amount [specify amount in DKK]
--	-----------------------------------

- (b) Denmark shall pay the first instalment to the UNDP based on the operational requirements of the Project as presented under the Project Budget (Annex 1). The Parties agree that the payment of subsequent instalment(s) by Denmark to the UNDP will be released in accordance with the payment schedule outlined in Article II paragraph 1(a) above and is subject to the UNDP's submission to Denmark of interim substantive and financial reports that show actual expenditure against the approved project budget and related substantive reports. The Parties further acknowledge and agree that UNDP will not pre-finance any activity under the Project. Denmark shall make the disbursement(s) after receipt of a written disbursement request signed by two authorized representatives of the UNDP.

² Please note that the currency of the bank account should be the same as the currency of the contribution

³ It is recommended that the payment schedule is made in two annually installments to ensure at least six months' anticipated liquidity. This will make processing of contributions and reporting more efficient.

- (c) Denmark will inform UNDP when the Contribution is paid via an e-mail message with remittance information to contributions@undp.org, providing the following information: Government of Denmark, UNDP country office in [using UNDP country code UNSD - Methodology], [Project number and title], [Denmark reference number/360 number], name and email address of the MFA focal point to whom receipt of the Contribution should be sent. This information should also be included in the bank remittance advice when funds are remitted to UNDP.
 - (d) UNDP will within 14 days after the Contribution have been received acknowledge receipt of the Contribution indicating the value in both DKK and United States of America Dollars (USD).
2. The value of the payment, if made in a currency other than USD, 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 Denmark with a view to determining whether any further financing could be provided by Denmark. Should such further financing not be available, the assistance to be provided to the [Programme/Project] 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/Project] delivery.
 4. UNDP shall receive and administer the payment in accordance with the UNDP regulations, rules, policies and procedures .
 5. All financial accounts and statements shall be expressed in USD.

Article III. Utilization of the Contribution

1. The implementation of the responsibilities of UNDP and of the Implementing Partner pursuant to this Agreement and the Project 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. UNDP shall not start the implementation of the activities funded by this Agreement prior to receiving the Contribution or the first tranche of the Contribution (whichever is applicable).
2. The Parties agree that the UNDP may use the Contribution for Project activities from [insert Agreement or Project beginning date] to [insert Agreement or Project end date]. The possible extension of the duration of the implementation period funded under this Agreement is regulated by Article XI.
3. 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 Denmark on a timely basis a supplementary

estimate showing the further financing that will be necessary. Denmark shall use its best endeavours to make available to UNDP the additional funds required.

4. If the payments referred to in Article II, 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 Denmark or other sources, the assistance to be provided to the [Programme/Project] under this Agreement may be reduced, suspended or terminated by UNDP.
5. Any unspent balance or any savings of project funds shall be returned to Denmark. In case of jointly financed projects and basket arrangement where a single account is used by multiple development partners, interest accrued need not be returned.

Article IV. Administration and reporting

1. [Programme/Project] management and expenditures shall be governed by the UNDP regulations, rules, policies and procedures and, where applicable, the regulations, rules, policies and procedures of the Implementing Partner.

The project account shall be drawn up to the same level of detail as is done in the budget (reference Annex 1) and the total budget cannot be exceeded and shall be used for the agreed purposes only. Budget changes or reallocation in excess of 10% between budget lines can be made only after prior agreement with Denmark

2. UNDP shall provide to Denmark the following reports in accordance with UNDP accounting and reporting procedures.

[2.1⁴ For agreements of one year or less please add the following clauses]

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of this Agreement, a final report summarizing [Programme/Project] activities, results and impact of activities as well as provisional financial data;
- (b) From UNDP Bureau of Management Services/Office of Financial Management, an annual certified financial statement as of 31 December to be submitted no later than 30 June of the following year;
- (c) From UNDP Bureau of Management Services/Office of Financial Management, on completion of the [Programme/Project], a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.

[2.2 For agreements of more than one year please add the following clauses]

- (a) From the country office (or relevant unit at headquarters in the case of regional

⁴ Please choose between clause 2.1 and 2.2 depending on the length of the agreement.

and global projects) an annual status report of [Programme/Project] progress for the duration of this Agreement, as well as the latest available approved budget.

- (b) From UNDP Bureau of Management Services/Office of Financial Management, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
 - (c) Interim substantive reports and interim uncertified financial reports prepared in accordance with UNDP's accounting and reporting procedures (and in accordance with the template interim uncertified financial report in Annex 3, for financial reports only,) to accompany the request for subsequent installments.⁵
 - (d) From the country office (or relevant unit at headquarters in the case of regional or global projects) within six months after the date of completion or termination of this Agreement, a final report summarizing [Programme/Project] activities, results and impact of activities as well as provisional financial data.
 - (e) From UNDP Bureau of Management Services/Office of Financial Management, on completion of the [Programme/Project], a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.
3. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of Denmark. The nature and frequency of this reporting shall be detailed in an annex to this Agreement.

Article V. Administrative and support services

1. In accordance with the decisions, policies and procedures of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for *indirect costs incurred by UNDP headquarters and country office* structures in providing General Management Support (GMS) services. To cover these GMS costs, the Contribution shall be charged a fee equal to UNDP's cost recovery in force at the time of the project implementation. The fee covering the GMS costs shall be communicated in writing to Denmark. Furthermore, as long as they are unequivocally linked to the Project, all direct costs of implementation, including the costs of Implementing Partner, will be identified in the [Programme/Project] budget against a relevant budget line and borne by the [Project] accordingly.
2. In accordance with the operational guidance for implementing the coordination levy, as issued by the United Nations Controller, UNDP will inform Denmark on a case-by-case basis whether the financing agreement for the bilateral contribution in question is subject to the levy and whether the standard coordination levy clause is therefore to be included in the standardised financing agreement template.
3. In accordance with Article IV, paragraph 2 and pursuant to paragraph 10(a) of United

⁵ For programme/projects of one year or more.

Nations General Assembly Resolution 72/279 of 31 May 2018, Denmark agrees that an amount corresponding to 1% of the Contribution to UNDP shall be paid to fund the United Nations Resident Coordinator System. This amount, hereinafter referred to as the “Coordination Levy” will be held in trust by UNDP until transfer to the United Nations Secretariat for deposit into the United Nations Special Purpose Trust Fund for the reinvigorated Resident Coordinator System, which has been established to fund the UN Resident. Denmark acknowledges that once the Coordination Levy has been transferred by UNDP to the United Nations Secretariat, UNDP is not responsible for the use of the Coordination Levy and does not assume any liability. The fiduciary responsibility lies with the United Nations Secretariat as the manager of the Resident Coordinator System is managed by the United Nations Secretariat.

4. The Coordination Levy does not form part of UNDP’s cost recovery and is additional to the costs of UNDP to implement the activity or activities covered by the Contribution. Accordingly, there is no normal obligation for UNDP to refund the Coordination Levy, in part or in full, even where the activities covered by the Contribution are not carried out in full by UNDP. As deemed necessary by Denmark and especially where the scale of the resources concerned or reputational risk justify the refund transaction costs Denmark can submit a request for refund to the United Nations Secretariat directly or through UNDP. The responsibility to refund the Coordination Levy lies with the United Nations Secretariat, and not with UNDP.
5. Denmark bears no responsibility or liability vis-à-vis any Third Party/Sub Grantee/Implementing Partner for activities administered by UNDP and carried out pursuant to this Agreement.
6. The aggregate of the amounts budgeted for the [Programme/Project], together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the [Programme/Project] under this Agreement as well as funds which may be available to the [Programme/Project] for [Programme/Project] costs and for support costs under other sources of financing.

Article VI. Monitoring, Review and Evaluation

1. UNDP shall be responsible for the monitoring and regular review of activities carried out under the Agreement. UNDP will keep Denmark informed on relevant preparation, review and evaluation missions or other activities in relation to the implementation of the [Programme/Project]. UNDP will, where the Parties agree it is appropriate, facilitate the participation of officials or designated representatives of Denmark in any such mission in accordance with UNDP regulations, rules, policies and procedures. The cost of such participation will be borne by Denmark. All evaluations will be publicly available through the UNDP Evaluation Resource Centre <https://erc.undp.org>.
2. All UNDP Programmes and Projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of [insert the programme country] in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating a Project including an

evaluation of its Contribution to an outcome, which is listed in the Evaluation Plan. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

3. The foregoing provisions regarding reviews and/or evaluations of the Project do not preclude Denmark from initiating reviews and/or evaluating the Project to assess the implementation, progress, achievements, and results of the Project and the management, including financial and administrative management, risk management, and possible challenges, to determine whether the Contribution has been used for its intended purposes. In furtherance of such a review, and within the limits of its legal and regulatory framework, including its regulations, rules, policies and procedures, the UNDP shall assist in providing relevant information to Denmark and UNDP shall provide access for site visits by Denmark as necessary. Denmark shall bear the costs of such evaluations or reviews, unless otherwise agreed.
4. The evaluations of the Project by Denmark referenced to in the above paragraph are distinct and separate from the evaluations of the Project by UNDP referred to in paragraph 2 of this Article. The latter are subject to the exclusive authority of the independent evaluation by UNDP. Denmark shall inform UNDP about evaluations conducted by Denmark, and UNDP may be invited to join the evaluation.
5. Reviews and/or evaluations conducted by Denmark do not constitute an audit of the United Nations. Audits are subject to Article VIII of the Agreement.
6. Denmark may carry out monitoring visits that are considered necessary by Denmark to monitor the implementation of a Project. The monitoring visits will take place during business hours at a time and place agreed upon in advance between Denmark and UNDP. Denmark shall make its best efforts to minimize the cost of such visits by utilizing opportunities for joint visits with UNDP personnel and/or other donors wherever feasible. The cost of any monitoring visits pursuant to this paragraph shall be borne by Denmark. UNDP shall collaborate with Denmark in the course of such monitoring visits to the extent permitted by its regulations, rules, policies and procedures. It is understood by both parties that such monitoring visits shall be consistent with the UN Single Audit Principle and shall not constitute a financial, compliance or other audit of the Project or other activities funded under this Agreement.

Article VII. Equipment

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 VIII. Accounting and Auditing

1. Accounts shall be kept in accordance with internationally accepted accounting principles.

2. The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP. Should the annual Audit Report of the UN Board of Auditors to its governing body (including the Management Letter) contain observations relevant to the Contribution, such information shall be made available to Denmark by the country office.

Article IX. Fraud and Corruption-related mismanagement

1. Both Parties have a zero tolerance approach to fraud and recognize that it is important to take all necessary precautions to avoid corrupt, fraudulent or collusive practices as set forth in the UNDP's regulations, rules, policies and procedures (available at: <https://popp.undp.org/>). To this end, UNDP will maintain standards of conduct governing the performance of its staff, including the prohibition of corrupt, fraudulent, or collusive practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the UNDP regulations, rules, procedures and policies. UNDP will advise Denmark immediately of credible allegations of fraud or corruption involving the Contribution and will inform Denmark when an investigation is launched by UNDP, subject always to UNDP regulations, rules, policies and procedures.
2. In the event that any part of the Contribution is determined by UNDP to have been lost due to fraud, corruption or any other financial irregularities, such loss will be dealt with in accordance with the applicable financial regulations, rules, policies and procedures of UNDP.
3. If UNDP has been able to recover mismanaged funds under this Agreement, such amount will be returned to the activity for which the contribution was intended. Where the activity for which the contribution was intended has been concluded or terminated the Parties shall consult to decide whether the amount shall be re-programmed for activities under a subsequent phase of the operation or to any follow-up operation towards the same objective or returned to Denmark on a pro rata basis upon agreement. In respect of such amount that has not been recovered, UNDP shall do its utmost to maintain its effort to recover such funds and continue consultations with Denmark with a view to determining a mutually agreeable solution. The Parties acknowledge and agree that UNDP shall not be obliged to reimburse any amount beyond the recovered amounts.

Article X. Completion of the Agreement

1. UNDP shall notify Denmark when all activities relating to the [Programme/Project] have been completed in accordance with the [Programme/Project] document.
2. Notwithstanding the completion of the [Programme/Project], UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the [Programme/Project] have been satisfied and [Programme/Project] activities brought to an orderly conclusion.

3. As a rule, upon completion of activities any balance of unspent funds must be returned to Denmark within the shortest delay possible and no later than three (3) to six (6) months following the conclusion of the of the financial year in question. Interest shall be considered part of UNDP's regular resources.
4. The contracting of a third party will be instrumented by UNDP in accordance with UNDP procedures and such third party is required to comply with all applicable laws, applicable ordinances and applicable rules and regulations bearing upon the performance of its obligations under its arrangement with the UNDP.

Article XI. Extension of the Implementation Period

1. UNDP may request an extension of the Agreement if this is necessary to complete all necessary activities in order to achieve the expected results of the project. The request must state the reasons for the delay in achieving the agreed results and supporting documentation must be enclosed. The request for extension must be submitted as soon as possible from the time that UNDP realises that the planned activities cannot be completed within the Agreement period.
2. Denmark shall approve or decline the request in writing.

Article XII. Forwarding of Funds

1. In case the Contribution or part of the Contribution is forwarded by UNDP to a third party, UNDP shall enter into an agreement with the third party in question. UNDP shall ensure, in accordance with UNDP regulations, rules, policies and procedures, that such an agreement will contain necessary provisions concerning the appropriate use of funds consistent with the terms of this Agreement. UNDP shall ensure that the third parties report on progress and finances of the Project in a manner consistent with the UNDP regulations, rules, policies and procedures.
2. UNDP acknowledges that when it engages a third party which shall receive funds from the Contribution, UNDP shall select and engage such third party in accordance with UNDP's legal and regulatory framework which includes, inter alia, that (i) such third party meets appropriate requirements prior to selection and during its engagement by UNDP, and (ii) such third party is required to comply with all applicable laws, ordinances, rules, and regulations bearing upon the performance of its obligations under its arrangement with UNDP. The Parties acknowledge that any third parties receiving funds hereunder are obligated to comply with the laws applicable to them, including in relation to tax evasion and money laundering.

Article XIII. Special provisions

1. Additional terms applicable to this Agreement are set forth in Annex 4.

2. Denmark reserves a right, after consultation with UNDP, to withhold disbursement and claim repayment of the Contribution in full or in part if:
 - (a) there are credible allegations of Financial Irregularities and/or Prohibited Conduct;
 - (b) material obligations of this Agreement are not met; or
 - (c) substantial deviations from the results framework, agreed plans or budgets have occurred, while giving due consideration to the contextual development conditions and/or complex operational and security situations.

In all cases (including but not limited to [a], [b] and [c] above), UNDP will reimburse the non-committed amounts in a Project and the amounts that UNDP will manage to obtain from third parties. It is understood that in such an event, Denmark may reduce, suspend or terminate its contribution to the Project activities after consultation with UNDP if necessary actions are not taken by UNDP to remedy the event.

3. Denmark does not accept any responsibility or liability for any claims, debts, demands, damage or loss as a result of the implementation of projects funded by the Contribution.

Article XIV. Restrictive Measures and Anti-Terrorism

1. UNDP shall not provide funds to third parties, whether entities, individuals or group of individuals, included in the Consolidated United Nations Security Council Sanctions List (the "UN Sanctions List") at the time such third parties are selected.
2. UNDP shall cooperate with Denmark in relation to whether third parties, be they entities, individuals or group of individuals, selected by the UNDP as recipients of funds in connection with the implementation of this Agreement, fall under the scope of EU restrictive measures⁶. In the event that such recipients would fall under the scope of EU restrictive measures, the Parties will promptly consult one another with a view to jointly determining remedial measures in accordance with their respective applicable legal framework. Such measures may include, but shall not be limited to, the reallocation of the remaining Contribution under this Agreement, net of any costs incurred by UNDP for undertaking any procurement or award procedure (the "Corresponding Amount").
3. Where such remedial measures are not feasible, the Corresponding Amount shall not be charged to the Project or, in the case of a multi-donor pooled funded project, to the amount corresponding to Denmark's contribution to the Project. This is without prejudice to the suspension or termination of this Agreement, together with the recovery of any unspent funds contributed by Denmark to UNDP for the Project/Programme, after consultation by the Parties.
4. This provision is without prejudice to the exceptions contained in the EU restrictive measures.

⁶ The consolidated lists of EU restrictive measures are available at: www.sanctionsmap.eu.

Article XV. Termination of the Agreement

1. This Agreement may be terminated by UNDP or by Denmark after consultations between Denmark, UNDP and the programme country Government, and provided that the funds from the Contribution already received are, together with other funds available to the [Programme/Project], sufficient to meet all commitments and liabilities incurred in the implementation of the [Programme/Project].

This Agreement 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 this Agreement.

2. Notwithstanding termination of all or part of this Agreement, UNDP shall continue to hold unutilized funds until all commitments and liabilities incurred in the implementation of all or the part of the [Programme/Project] have been satisfied and [Programme/Project] activities brought to an orderly conclusion.

Article XVI: Notice

Any notice or correspondence between UNDP and Denmark will be addressed as follows:

- (a) To Denmark: [Embassy of Denmark]

Address:

E-mail address:

- (b) Upon receipt of funds, UNDP shall send an electronic receipt to Denmark via e-mail address provided below as confirmation that the remitted funds have been received by UNDP indicating the value in both DKK and USD [or ‘the currency in which it has been received’]

Denmark e-mail address: _____

Attention: _____

- (c) To UNDP: [Name, Position]

Address: United Nations Development Programme

E-mail address:

Article XVII. Amendment of the Agreement

This Agreement may be amended through an exchange of letters between Denmark and UNDP. The letters exchanged to this effect shall become an integral part of this Agreement.

Article XVIII. Entry Into Effect

This Agreement shall enter into effect upon the signature of this Agreement by the Parties hereto, on the date of the last signature.

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

For Denmark:

(Name)

(Title)

(Date)

For United Nations Development Programme:

(Name)

(Title)

(Date)

- Annex 1: Project Document
- Annex 2: Project Budget
- [Annex 3: Template Interim Uncertified Financial report]
- Annex 4: Special Provisions
- Annex 5: Sexual Exploitation, Abuse and Sexual Harassment

Annex 4

Special Provisions

1. Child labour clause

UNDP shall make all reasonable efforts to ensure that the activities under this Agreement do not infringe upon the rights outlined in the UN Convention on the Rights of the Child and International Labour Organization Convention No.138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labour.

2. Prevention of sexual exploitation, abuse and harassment

The Parties have a zero tolerance for sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”), as further detailed in Annex 5.

2. Settlement of Disputes

The Parties shall settle amicably any differences and disputes arising from or relating to the implementation of this Agreement.

3. Transparency

3.1. The Parties shall have the right to publish this Agreement and any documents or other information or data relating to activities carried out under this Agreement on the internet (e.g. www.um.dk) and through other relevant media. The Parties will consult each other prior to the publication or the release of information regarded as sensitive or pertaining to processes and policies of UNDP or labelled by UNDP as confidential.

3.2. The Parties acknowledge that they are each subject to their respective legislation, policies and procedures regarding the disclosure of information, including access to documents and records.

4. Privileges and immunities

Nothing in this Agreement, any Contribution Agreement or any document entered into in relation to this Agreement or Contribution Agreements will be a waiver or be construed as waiver, express or implied, of any privileges or immunities of the United Nations, including UNDP, pursuant to the 1946 Convention on Privileges and Immunities of the United Nations, customary international law, other relevant international or national arrangements and under domestic law.

5. Prevention of Misconduct

5.1 Both Parties have a zero-tolerance approach towards fraud, corruption, violation of the fundamental principles of procurement rules, harassment, sexual harassment, sexual exploitation and

abuse, corrupt, fraudulent or collusive practices, and other forms of misconduct (“Proscribed Practices”), as set forth in the UNDP’s regulations, rules, policies and procedures (available at: <https://poppp.undp.org/>), and recognize that it is important to take all necessary precautions to avoid the Proscribed Practices. Reference is also made to the UNSDG Standard Administrative Agreement for Joint Programmes.

5.2 UNDP is committed to the highest ethical standards and will not tolerate the diversion of the resources entrusted to it through money laundering or terrorist financing and will not engage or partner with entities that tolerate the diversion of resources for the purposes of money laundering or terrorist financing. UNDP shall apply a risk-based due diligence approach in identifying and mitigating the risks of money laundering and terrorist financing in accordance with UNDP’s regulations, rules, policies and procedures.

5.3 To this end, UNDP will maintain standards of conduct governing the performance of its staff, including the prohibition of the Proscribed Practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in UNDP’s regulations, rules, policies and procedures.

5.4 In the event that UNDP receives reports of allegations of the Proscribed Practices, where warranted, and to the extent consistent with its authority and accountability framework, UNDP will take timely and appropriate action to stop such practice and investigate the allegation. UNDP will consider appropriate action in accordance with its regulations, rules, policies and procedures, and among others the possibility of disciplinary measures.

5.5 Further, in the event that UNDP receives reports of allegations of the Proscribed Practices, where warranted, and to the extent consistent with its authority and accountability framework, UNDP will promptly inform Denmark of any credible allegations of the Proscribed Practices with regard to any activities of UNDP that carry a significant impact to its partnership with Denmark as determined by UNDP.

5.6 Following consultation with UNDP, Denmark may suspend further disbursement of the Contribution to UNDP if the relevant oversight and accountability mechanisms have not been fully applied.

5.7 It is understood and accepted that UNDP’s arrangement to inform Denmark is subject to any need, as determined by UNDP, that such notification does not jeopardize the proper conduct of any investigation so as not to compromise safety and security, the due process rights of any concerned persons and the possibility of success in the investigation or recovery efforts.

5.8 In the event that any part of the non-core contributions under this Agreement is determined by UNDP to have been lost due to fraud, corruption or any other financial irregularities, such loss will be dealt with in accordance with the applicable financial regulations, rules, policies, and procedures of UNDP.

5.9 If UNDP has been able to recover mismanaged funds regarding a non-core contribution, such amount will be returned to the activity for which the contribution was intended. Where the programme, project or activity for which the contribution was intended has been concluded or terminated, the Parties shall consult to decide whether the amount shall be re-programmed for activities under this Agreement or returned to Denmark on a pro rata basis as applicable. In respect of such amount that has not been recovered, UNDP shall do its utmost to maintain its effort to recover such funds and continue consultations with Denmark with a view to determining a mutually agreeable solution. The Parties acknowledge and agree that UNDP shall not be obliged to reimburse any amount beyond the recovered amounts.

Annex 5

Sexual Exploitation and Abuse and Sexual Harassment

1. Sexual Exploitation and Abuse and Sexual Harassment

a. Sexual exploitation and abuse

The Ministry and UNDP have a zero tolerance for inaction approach to tackling sexual exploitation and abuse (“SEA”).⁷ This means UNDP and its implementing partners will take all reasonable steps to prevent SEA by both its employees and any implementing partner and respond appropriately when reports of SEA arise, in accordance with their regulations, rules, policies and procedures.

Unless inconsistent with a specific regulation, rule, policy or procedure governing UNDP, UNDP will apply the IASC Six Core Principles Relating to Sexual Exploitation and Abuse (Annex I) and the following principles and practices when implementing the activities under this arrangement and provide evidence to demonstrate this where required:

- a) Adherence to the IASC-Minimum Operation Standards on “Protection from sexual exploitation and abuse by own personnel” and/or the SEA elements of the Core Humanitarian Standard on Quality and Accountability;
- b) A victim/survivor-centred approach⁸ to SEA issues;
- c) Strong leadership and signaling on tackling SEA;
- d) Make all reasonable efforts to address gender inequality and other power imbalances;
- e) Reporting to enhance accountability and transparency;
- f) Ensure that SEA standards from this arrangement are reflected in funding templates with implementing partners, for UN entities: by means such as, but not limited to, adherence to United Nations Protocol on Allegations of Sexual Exploitation and Abuse Involving Implementing Partners.

b. Sexual harassment

⁷ See UN Secretary-General’s Bulletin ST/SGB/2003/13 for the definition of sexual exploitation and abuse.

⁸ A victim/survivor centered-approach is one for which the victim/survivor’s dignity, experiences, considerations, needs, and resiliencies are placed at the center of the process, from the initial program design to investigating and responding to potential incidents. Consistent with the UN Protocol on Allegations of SEA Involving Implementing Partners, the victim/survivor should be informed, consulted during the decision-making process, and provide consent on the possible use and disclosure of their information. Those interacting with the victim/survivor and/or handling information regarding the allegation will maintain confidentiality, ensure safety of the victim/survivor, and apply victim/survivor-centered principles which are safety, confidentiality, respect, and non-discrimination. When the victim/survivor is a child, the approach will consider the best interests of the child and engage with the family/caregivers as appropriate. Staff and partners should comply with host country and local child welfare and protection legislation and international standards, whichever gives greater protection.

The Ministry and UNDP have a zero tolerance for inaction approach to tackling sexual harassment (“SH”).⁹ This means UNDP will take all reasonable steps to prevent SH and respond appropriately when reports of SH arise, in accordance with its regulations, rules, policies and procedures.

Unless inconsistent with a specific regulation, rule, policy or procedure governing UNDP, UNDP will apply the following principles and practices when implementing the activities under this arrangement:

- a) A victim/survivor-centred approach to SH issues;
- b) Strong leadership and signaling on tackling SH;
- c) Make all reasonable efforts to address gender inequality and other power imbalances;
- d) Reporting to enhance accountability and transparency.

2. UNDP will adhere to the following requirements:

a. Allegations of SEA

- (i) UNDP will promptly report all allegations of SEA credible enough to warrant an investigation through the Secretary-General’s reporting mechanism (the “Report”).
- (ii) When UNDP reports an allegation of SEA to, or becomes aware of an allegation reported through, the Report that is (i) directly related to the activities funded by this arrangement or, (ii) would have a significant impact on the partnership between UNDP and the Ministry, UNDP will promptly notify the UNDP desk officer at the Danish UN Mission of the report made and the relevant arrangement number, if applicable and provide information containing the level of detail that UNDP is aware of.
- (iii) Upon request from the Ministry, UNDP agrees to provide further available relevant information UNDP is aware of for allegations notified under paragraph 2a (ii) including about subsequent measures taken by UNDP, unless disclosure of such information would be inconsistent with UNDP’s regulations, rules, policies and procedures concerning disclosure of information

b. Allegations of SH

- (i) UNDP will report allegations of SH and measures taken through existing reporting mechanisms.
- (ii) Where UNDP has determined that the allegations would have a significant impact on the partnership between UNDP and the Ministry, UNDP will promptly notify UNDP desk officer at the Danish UN Mission and provide information containing the level of detail of the existing reporting mechanisms.
- (iii) Upon request from the Ministry, UNDP agrees to provide further available relevant information, that UNDP is aware of unless disclosure of such information would be inconsistent with UNDP’s regulations, rules, policies and procedures concerning disclosure of information.

3. It is understood and accepted that UNDP’s arrangement to report on SEA and SH will be performed in accordance with UNDP’s regulations, rules, policies and procedures,

⁹ See the UN System Model Policy on Sexual Harassment and the UN Secretary-General’s Bulletin ST/SGB/2019/8 for the uniform definition of sexual harassment in the UN System.

including its rules on confidentiality, and is subject to not compromising the safety, security, privacy and due process rights of any concerned persons.

4. When UNDP becomes aware of reasonable suspicions, complaints or reports of SEA or SH by its personnel, UNDP will, as appropriate under its regulations, rules, policies and procedures, take reasonable, swift and appropriate action to stop harm occurring, investigate and report to relevant authorities (for potential criminal matters), as appropriate and when safe to do so, after considering the wishes of the victim/survivor.
5. The Ministry or any of its duly authorized representatives may, in accordance with agreed mutually accepted terms of reference, carry out reviews or evaluations or other assessment measures to verify UNDP's zero tolerance for SEA and SH, provided that such measures are consistent with the Single Audit Principle governing UNDP, if applicable. UNDP will fully cooperate within the scope of the terms of reference with any such reasonable requests by the Ministry or any of its duly authorized representatives or agents to carry out such measures.
6. Any information or documentation provided in accordance with these provisions will be treated by the Ministry with utmost discretion in order to ensure, *inter alia*, the probity of any investigation, protect sensitive information, ensure the safety and security of persons and respect the due process rights of all involved. The Ministry will presume information/documentation to be confidential, deliberative, and investigatory and will ensure that information/documentation provided to the Ministry will be available solely to those who strictly require access to such information/documentation. Any disclosure of such information/documentation beyond such personnel will require notification and consultation with UNDP. The Ministry will obtain the express written authorization of UNDP before disclosing any such information/documentation in a judicial proceeding or to the public, unless disclosure is otherwise required by law applicable to the Ministry and is not subject to UNDP's privileges and immunities under international and/or national law (such as information/documentation constituting UN archives).
7. Unless the regulations, rules, policies and procedures applicable to UNDP are amended at an earlier stage, and/or there are other substantive changes to any of the referenced regulations, rules, policies or procedures, the above provisions are subject to possible review two years after the date of the Donors' mutual decision on their text with UNDP (27 July 2021). Any changes to the above provisions that may be mutually decided following such a review will take effect at least four years after the date of the Donors' mutual decision on the present text with UNDP, until which time the above provisions will continue to apply.

Annex I: IASC Six Core Principles Relating to Sexual Exploitation and Abuse

1. Sexual exploitation and abuse by humanitarian workers constitute acts of gross misconduct and are therefore grounds for termination of employment.
2. Sexual activity with children (persons under the age of 18) is prohibited regardless of the age of majority or age of consent locally. Mistaken belief regarding the age of a child is not a defense.
3. Exchange of money, employment, goods, or services for sex, including sexual favors or other forms of humiliating, degrading or exploitative behavior is prohibited. This includes exchange of assistance that is due to beneficiaries.

4. Any sexual relationship between those providing humanitarian assistance and protection and a person benefitting from such humanitarian assistance and protection that involves improper use of rank or position is prohibited. Such relationships undermine the credibility and integrity of humanitarian aid work.
5. Where a humanitarian worker develops concerns or suspicions regarding sexual abuse or exploitation by a fellow worker, whether in the same agency or not, he or she must report such concerns via established agency reporting mechanisms.
6. Humanitarian workers are obliged to create and maintain an environment which prevents sexual exploitation and abuse and promotes the implementation of their code of conduct. Managers at all levels have particular responsibilities to support and develop systems which maintain this environment.