

**STANDARD LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND
LEGAL ENTITY OF PUBLIC LAW (LEPL) TSKALTUBO MUNICIPALITY
ON THE IMPLEMENTATION OF "MAYORS FOR ECONOMIC GROWTH FACILITY (M4EG)" PROJECT
WHEN UNDP SERVES AS IMPLEMENTING PARTNER**

Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in Georgia and officials of Legal Entity of Public Law **Tskaltubo Municipality** with respect to the realization of activities (specified in Attachment 2) by Municipality in the implementation of the project 00133169 Mayors for Economic Growth Facility (M4EG), as specified in Attachment 1: Project Document, to which UNDP has been selected as implementing partner.
2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the activities to be provided by **Tskaltubo Municipality** towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between Tskaltubo Municipality and UNDP on all aspects of the Activities.
3. **Tskaltubo Municipality** shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its financial regulations, rules and other directives, only to the extent they are consistent with UNDP's Financial Regulations and Rules¹. In all other cases, UNDP's Financial Regulations and Rules must be followed.
4. In carrying out the activities under this Letter, the personnel and sub-contractors of **Tskaltubo Municipality** 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 **Tskaltubo Municipality** or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by **Tskaltubo Municipality**, and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with **Tskaltubo Municipality**, shall work under the supervision of the designated official of **Tskaltubo Municipality**. These subcontractors shall remain accountable to **Tskaltubo Municipality** for the manner in which assigned functions are discharged.
6. Upon signature of this Letter, UNDP will make payments to **Tskaltubo Municipality**, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. **Tskaltubo Municipality** shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. **Tskaltubo Municipality** shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when **Tskaltubo Municipality** is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide **Tskaltubo Municipality** with any funds or to make any reimbursement for expenses incurred by **Tskaltubo Municipality** in excess of the total budget as set forth in Attachment 3.
8. **Tskaltubo Municipality** shall submit a cumulative financial and narrative 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 ten days following those dates. The format will

¹ The enclosed Annex 3 – the Procurement Rules prepared by the UNDP Istanbul Regional Hub - also applies to this project

follow the standard UNDP expenditure and narrative report [a model copy of which is provided as Attachment 4 a/b]. UNDP will include the financial report by Tskaltubo Municipality in the financial report for 00133169 Mayors for Economic Growth Facility (M4EG).

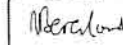
9. **Tskaltubo Municipality** shall submit such progress reports relating to the Activities as may reasonably be required by the project manager in the exercise of his or her duties.
10. **Tskaltubo Municipality** shall furnish a final report within one month after the completion or termination of the Activities, including a list of non-expendable equipment purchased by **Tskaltubo Municipality** and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.
11. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and **Tskaltubo Municipality**.
12. Any changes to the Project Document which would affect the work being performed by **Tskaltubo Municipality** in accordance with Attachment 2 shall be recommended only after consultation between the parties.
13. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the **Tskaltubo Municipality** and UNDP.
14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of **Tskaltubo Municipality** according to Attachment 2, 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 **Tskaltubo Municipality** unless it receives written indication to the contrary from UNDP.
15. Any balance of funds that is undisbursed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP.
16. Any amendment to this Letter shall be effected by mutual agreement, in writing,
17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to Nick Beresford, UNDP Resident Representative in Georgia.
18. **Tskaltubo Municipality** shall keep the UNDP Country Director/Resident Representative fully informed of all actions undertaken by them in carrying out this Letter.
19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.
20. Any dispute between the UNDP and **Tskaltubo Municipality** 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.

21. 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 participation in the implementation of the project.

Yours sincerely,

DocuSigned by:



Signed on behalf of UNDP

Nick Beresford, UNDP Resident Representative in Georgia

Date 03-Nov-2022

Signed on behalf of Tskaltubo Municipality



Genadi Balanchivadze, Mayor

Date 04.11.2022

Attachment 1

PROJECT DOCUMENT

Insert cover page of UNDP project document and Results Resource Framework (RRF), which shows activities that are implemented by the LOA partner.

DocuSign Envelope ID: BD5AFCD9-5C0D-4690-BE0F-49D92F9FF5DD

Project Title: Mayors for Economic Growth Facility

Project Number: 00133169

Implementing Partner: UNDP

Start Date: 1 January 2021

End Date: 31 December 2024

PAC Meeting date: 8 December 2020

Brief Description

The proposed action is to enhance economic inclusive growth and job creation in the region by supporting local authorities in the EaP countries to design and implement Local Economic Development Plans (LEDP) 12. The action complies with the overall strategy and outcomes outlined in the Action Document - by strengthening capacities of local governments, creating inclusive innovation processes for design of investable projects that correspond to the developed LEDPs, and investing in portfolios of projects, in a way that bring tangible benefits to citizens.

The proposed action, over a period of 4 years, will build on and integrate lessons learned from the first phase of M4EG and its forthcoming evaluation while also seeking to build synergies and avoid duplication with other LED programs already under way in the region. In particular, this will entail strengthening assistance to implement LEDPs developed during the first phase - including through development, seeding of dynamic and bankable portfolios, de-risking early investment into transformative projects & assisting local governments to tap into public and private finance. The action will cover secondary cities in the Eastern Partnership countries. Over a **period of 4 years**, around 350 local authorities will benefit from training, capacity development and knowledge exchange activities, at least 50 local authorities will be supported to develop LEDPs building on the Mayors for Economic Growth methodology, and a selected group of **12 local authorities will benefit from design, development of capabilities and seeding a portfolio of 50 projects or more addressing issues related to green recovery after the crisis - but integrating urban planning, gender responsiveness & innovation at the local level**. 14 projects will be supported across at least 10 or more local authorities. This will enable local authorities with developed LEDPs to move into the implementation phase, which has been identified as an area to be strengthened in the first phase of the program. The methodology (described below in this document) will be based on the one already defined by the first phase of the M4EG¹. The network of local authorities that has committed during the first phase of the programme (almost 400 that have committed to the programme's objectives & 130 with active LEDPs) will participate in a learning platform (online & offline) & have access to a range of tools that will aim to **build capacities on system transformation & complexity, foresight, innovative finance models, utilize inclusive innovation processes for green recovery and development of local authorities**. The network will serve as a forum of exchange on emerging practice & lessons among local governments & other stakeholders, as well.

The Mayors for Economic Growth in its first phase has introduced an integrated approach to local economic development planning. However, these plans have not generated the desired investments for transformation. To achieve this result, the second phase of the program can serve as a platform to enable and learn on transformation – applying a strategic innovation framework – its tools and methods,

¹ Introduction to MAYORS FOR ECONOMIC GROWTH (M4EG) General Principles and Approaches

engaging in deep listening (hearing narratives that exist in society), co-creation with diverse groups of innovators, investors and public servants of bankable projects, activation of portfolios and their dynamic management, actively designing bankable projects to attract private sector and other forms of financing, while simultaneously developing capabilities in local authorities. The program will focus on the medium and long-term needs of local authorities & building their capacities to withstand shocks, as well as diversifying financing to support economic development results in Eastern Partnership countries. In practice, this will mean supporting a green and inclusive recovery of secondary towns, curbing out-migration, while tapping into a diverse set of resources to finance the transformation.

Contributing to Outcome 1 of the Regional Programme Document for Europe and CIS 2018-2021: *Accelerating structural transformations through more effective governance systems*

Output 1.4. *New forms of evidence and methods explored and leveraged through digital technologies, new sources of data and other innovative methods to address public service challenges common to the region*

GEN 1

Total resources required:	12,299,120.43	
Total resources allocated:	UNDP TRAC:	
	Donor (EU):	11,947,431.30
	Government:	
	In-Kind (UNDP):	351,689.13
Unfunded:		

Agreed by (signatures):

UNDP

Gerd Trogemann

Gerd Trogemann, Hub Manager, Istanbul Regional Hub/RBEC

Date: 31-May-2021

Note: this Project Document is for internal UNDP purposes; the funding partner, the European Union, represented by the European Commission, has signed the Description of Action, with its relevant annexes.

See full document at:

https://intranet.undp.org/docs/pdc/_layouts/WopiFrame2.aspx?sourcedoc=/docs/pdc/Documents/SVK/ProDoc%20M4EG%20II_7.12.20_UNDP%20signature.pdf&action=default&Source=https:%2F%2Fintranet.undp.org%2Fdocs%2Fpdc%2FDocuments%2FForms%2FAllItems.aspx%3FRootFolder%3D%252Fdocs%252Fpdc%252FDocuments%252FSVK%26FolderCTID%3D0x0120008F90FBF6FA09BA4B986DA533205DBD00%26View%3D%7B%26FilterField1%3DUndpProjectNo%26FilterValue1%3D00133169&DefaultItemOpen=1&DefaultItemOpen=1

Attachment 2

DESCRIPTION OF ACTIVITIES

UNDP Project title and number: M4EG – facility; Portfolio journey number 00133169

1. Background *(statement of problem)*

The EU and UNDP are assisting local authorities in the Eastern Partnership (EaP) region (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) to become active facilitators for sustainable, inclusive economic growth and job creation. This new phase of the Mayors for Economic Growth (M4EG) (2021-2024) aims to build on the successes of phase 1 (2017-2020) and will develop and implement an innovative approach of understanding and managing complexity, systems thinking and portfolio building for local authorities to define their needs and solve complex problems by collaborating with different stakeholders, experimenting and testing different solutions and learning from each other, which falls within the overall frame of “strategic innovation”.

Countries of the Eastern Partnerships are emerging economies. Large segments of the populations and many provinces and regions have remained stagnant, while others have prospered. The uneven prosperity makes vulnerability of parts of the population a key challenge. Difficult geographical characteristics, relatively small size of the economies, lack of diversification, and demographic challenges associated with emigration and low fertility rates combined with exposure to macroeconomic risks in the external environment, create a complex development picture.

The complexity of development challenges, the high velocity of change as a result of the crisis and rapid digitalization of the region, mean that traditional development methods do not suffice. To support the initiatives of the local authorities, human centered approach to collaborative problem-solving at the local level has been introduced through the **Urban Imaginaries** programme. Urban Imaginaries (UI) is designed to support small initiatives that seek to reimagine or reinvent key aspects of local living. Funding of up to 60,000 EUR and technical support will go to interventions that can help transform the larger city or community context and become catalysts for urban make-over and ensure long-term sustainability and linkages with the overall development of the city to re-think financing and partnerships around the selected area of interest.

Urban make-over focuses on creating a responsive, resilient, and sustainable cities and communities with continuously increasing economic opportunities and vibrant social living.

Urban Imaginaries brings additional capabilities to local level to tackle complex development challenges by engaging four municipalities in Georgia: **Poti, Rustavi, Samtredia and Tskaltubo**, which have been selected through a competitive process² and engaged in ten months learning journey led by the Center for Public Impact (CPI). This process eventually concluded with four municipal initiatives developed based on human centered approach and tested by Local Authorities at initial stage.

Tskaltubo is a spa resort in west-central Georgia. It is the main town of the Tskaltubo Municipality. It is known for its radon-carbonate mineral springs, whose natural temperature of 33–35 °C enables the water to be used without preliminary heating.

The key focus of the preliminary exploration of Tskaltubo municipality team under the UI was how to **create an open space for hosting cultural events and the establishment of the cultural hub.**

² In November 2021 UNDP Georgia announced the Call for Interest for Municipal Transformation under the Mayors for Economic Growth Facility. For Urban Imaginaries program four Georgian municipalities have been approved by the EU-UNDP board.

Initially, the problem was formulated as follows: due to Covid pandemic realities, how can the local governance provide more open spaces for community cultural initiatives?

The problem was selected based on two considerations:

1. Due to Covid restrictions cultural events could only be held in open spaces, while the municipality did not have a duly equipped open space to house all the diverse cultural events.
2. Creation of an open cultural space outside the city would serve the needs of both urban and rural population, based on the local governance aspiration to capitalize on the existing rural potential for improved socio-economic conditions of people.

The problem is one of the key priorities for the municipality, as successful solution would imply creating a space with respective facilities which brings together urban and rural population, a single space for hosting cultural events, youth interaction and collaboration and mobility, communication between the cities within and outside Imereti Region. This can also have positive effect on the economic conditions of people and youth migration.

2. Results to be achieved

As a result of the exploration journey, the **overall goal** of the initiative was formulated as follows: **to serve the needs of urban-rural population, by improving existing conditions and infrastructure through creation of a cultural hub – a set of cultural services within a single open space outside the city.**

Output 1: Cultural Hub at the Niko Lortkipanidze Museum premises in Tskaltubo is set up

3. Work to be performed

Activity 1. Arranging necessary infrastructure for cultural hub:

- Rehabilitation of the existing amphitheater (dismantling existing infrastructure, stage, chairs, space behind the stage, etc.)
- Construction of WCs (female, male, adapted for PwDs construction of antiseptic well)

Municipality will procure construction projects for amphitheater and WCs.

Municipality commits to attracting investments, implementing and promoting projects, diversifying services and supporting the scaling up of the local economy.

Particularly:

- to organize cultural events (e.g., literature evenings, competition in reciting literary works, musical performances, hosting flash mobs, etc.)
- Creating space for business activities by allocating dedicated places for market stalls in the open space for the exhibition and sale of the local products.
- Design services for children to participate in cultural events in a safe and accessible manner

In addition, Tskaltubo Municipality is the winner in the grant competition announced by the Association of Local Self-Government on the topic of "utilizing green spaces in the urban environment", within the framework of which an educational space will be created in the territory of the Niko Lortkifanidze House

Museum, which will be equipped with the appropriate inventory. The project has started and will be completed at the end of October.

4. Description of inputs:

Municipality will procure necessary services according to the procurement law and regulations. One service provider will be contracted to implement both activities.

Respective units of the Municipality will be engaged to ensure functioning of the created cultural hub, development of new services and organizing cultural events at the museum premises.

Beneficiaries

Briefly describe the main target groups of the LOA. (Provide number of estimated direct and indirect beneficiaries (with age, gender and geographic disaggregation of beneficiaries) if applicable).

Direct: Local urban and rural population, children and parents, private sector (up to 200)

Indirect:

- Tskaltubo Municipality Culture Center
- Representatives of the business sector
- Local population
- Local and international visitors
- Local self-government - City Hall Culture, Sports, Education and Youth Affairs Department

5. Workplan of activities

Provide a time-related sequence of the activities' from its inception to the finalization in the table below.

Description of Activity	2022			2023			
	Nov	Dec	Jan	Feb	Mar	Apr	May
Activity 1. Establishment of a Cultural Hub with the necessary infrastructure to hold							
<i>Sub-activity 1.1. Rehabilitation of the existing amphitheater</i>							
<i>Sub-activity 1.2. Construction of WCs</i>							

6. Budget (GEL)

Tskaltubo Municipality commits to ensure successful completion of all described activities and will allocate additional resources in case of need.

Activities/sub-activities	Account	Unit	Unit rate	# Of Units	TOTAL (GEL)	Nov	Dec	Jan	Feb	Mar	Apr	May
OUTPUT 1 - CREATION OF A CULTURAL HUB												
Activity 1. Arranging necessary infrastructure for cultural hub												
1 / 1 Amphitheatre (stage, chairs etc.)	72105	lumpsum		1	115,000		63,000			52,000		
1 / 2 Constriction of WC	72105	lumpsum		1	47,600		20,000			27,600		
Sub-total output 1					162,600							
GRAND total						83,000		79,600				
Breakdown by quarters*:						Q 4		Q 1			Q 2	

7. Management

The LOA will be implemented by the Mayor of Tskaltubo and the Core Team, engaged in the Urban Imaginaries learning programme.

8. Visibility

Tskaltubo municipality shall ensure full compliance with the EU and UNDP and M4EG visibility and incorporate updates on undertaken visibility actions in regular reporting. Prior publishing any relevant material, Tskaltubo City Hall shall seek approval from UNDP.

9. Mainstreaming gender and other cross-cutting issues

Gender balance will be considered in all activities, such as learning program, events, community engagement for space concept development. Tskaltubo City Hall will shall provide list of participants, including information on age and gender.

10. Sustainability

Per applied methodology, the implementation phase is preceded by the testing and learning phase. Activities to be implemented will be based on thorough analysis of the results and joint deliberation.

11. Risk log

<u>Risks Associated with the outputs from the logframe:</u>	<u>Management responses for mitigation of risks</u>	<u>Risk owner</u>
1/ Procurement failures	1/ Thorough planning the procurement process following the existing procedures	Tskaltubo City Hall
2/ Lockdown and travel restrictions may affect organization of events	2/ Online format will be considered	Tskaltubo City Hall
3/ Poor quality of service and products or misalignment with project objectives	3/ Validate ToRs, Request for Proposals, and Service and product Requirements, Statement of work or other procurement documents with the UNDP Country office Coordinator before procuring products and services.	Tskaltubo City Hall
4/ Favorable climate conditions	4/ Rreschedule activities accordingly; if necessary extend contract	Tskaltubo City Hall

Attachment 3

Scheduled of Activities, Facilities and Payments (GEL)

Year 2022-23

EXPECTED CP OUTPUTS	PLANNED ACTIVITIES	Timeframe				Planned Budget		Schedule of payments by UNDP			
		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Budget Description	Amount	Q4	Q1	Q2	Q3
ATLAS OUTPUT 00125307	Atlas activity 2.1.3 under all outputs	x	x			72105 - Svc Co-Construction & Engineer	162,600	83,000	79,600		
						Total	162,600	83,000	79,600		

Note:

- No new advances will be approved/transferred before at least 80% of the previous advance and 100% of all earlier advances have been liquidated.
- 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 project, duty travel within the programme country or region and repatriation costs.
- Adjustments within each of the sections may be made in consultation between UNDP and Tskaltubo Municipality. 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 project.
- In case Tskaltubo Municipality requires redistribution of funds among budget activities (components) and redistributed amounts are below 25% of budget activity (component) and/or transfer is done between budget lines of the activity (component) including cancellation and introduction of a budget line, Tskaltubo Municipality shall inform UNDP about redistribution during quarterly reporting. The 25% variation is calculated on both the original activity (component) budget where funds are taken from, and the original value of the budget activity (component), where the funds are to be added. The 25% variation should be cumulative in the lifetime of the agreement.
- In case redistributed amount exceeds 25% of budget activity (component), the budget is amended through formal amendment of the agreement.

Instruction for filling FACE form

Funding Authorization and Certificate of Expenditures (FACE) form is designed to request Direct Cash Transfers (DCT) and reflect expenditures accumulated by quarter.

Requests for the Direct Cash Transfer (DCT) should be prepared in line with the project or annual work plan, and must be signed by the implementing partner. The Cash transferred to the project are under the total responsibility of the implementing partner and must only be used for the activities and inputs stated in the annual work plan, and following UNDP's policies and procedures as referred to in the project document. The implementing partner/project must have a good system of accounting recording and appropriate filing of financial documentation on the project (in order to maintain records of all payments made with advances and original expenditure backup documentation). All these requirements and information will be reviewed at the project site during the project audit.

In order to receive the funds transferred by UNDP, the implementing partner for the project may open a bank account to be used only for receiving UNDP cash transfers and to make payments of the project. The bank account should be opened under the name of the project. This bank account should not be used for purposes other than receiving UNDP advances and making payments with these advances. This account must not have access to any credit nor be used for investments. If the project needs advances to make payments in local currency and non-local currency, then two bank accounts should be opened, or one bank account with two separate controls of currency.

At the finalization of the project, it is the responsibility of the implementing partner to close this/these account(s) and reimburse any remaining balances to UNDP.

The implementing partner must maintain strict control of such bank accounts, making bank reconciliations at least quarterly (monthly is advisable), and must keep on file all documentation related to account transactions. Any interest earned on the project bank account from the advances must be included by the implementing partner in the Funding Authorization and Certificate of Expenditures (FACE) and credited to the project, recording it as miscellaneous income. Bank statements must be filed by the project and a copy should be submitted to the country office with the FACES.

Together with the signed FACE form, the project has to send a copy of the bank statement as up to the date of the end of the period reported, to enable the country office to compare bank balances with FACE balances (UNDP will not make reconciliation between bank statements and expenditures reported in the Financial Report or FACE. This is the responsibility of the implementing partner and correctness of this reconciliation will be determined by the audit exercise.). The following main instructions apply:

- The normal disbursement cycle for the FACE is quarterly. More frequent reporting is encouraged if agreed to by the UNDP country office and the implementing partner
- Advances shall only be made in non-local currency in those instances where all payments arising out of such will also be in the same non-local currency. If the project has received advances in more than one currency, a separate financial report or FACE must be submitted for each currency received;
- The approval of a request for cash transfer for a particular project is subject to the verification by the CO that at least 80% of the previous advance given and 100% of all earlier advances have been liquidated.
- The implementing partner must submit the corresponding FACES every time the project needs more funds **and** at the end of each quarter, within the first **10 days** of the following quarter. The FACE must include detailed information on payment instructions (bank account where advances should be deposited).

The FACE supports several important functions:

- Request for funding authorization: The section "Requests / Authorizations" will be used by the implementing partner to enter the amount of funds to be disbursed for use in the new reporting period. The country office can accept, reject or modify the amount approved;
- Reporting of expenditures: The section "Reporting" will be used by the implementing partner to report to the country office the expenditures incurred in the reporting period. The country office can accept, reject or request an amendment to the expenditures reported;
- Certification of expenditures: The section "Certification" will be used by the designated official from the implementing partner to certify the accuracy of the data and information provided.

In the process of certification, the designated official attests to one or both of the following statements:

- That the funding request shown represents estimated planned expenditures as per the Annual Work Plan (AWP)/Budget and that itemized cost estimates have been attached and/or;
- That the actual expenditures for the reported period have been disbursed in accordance with the annual work plan and previously approved itemized cost estimates. Further, the designated official attests that the supporting accounting documentation will be made available, upon request, for a period of five years.

FACE: Overall Approach and Guiding Principles

The FACE is intended to use by partners for requesting funds and reporting expenditure. Not all sections of the form will be used at all times. For instance, for an initial disbursement, only the request section of the form will be completed. For a final payment upon AWP completion, only the reporting section will be used. The following guiding principles apply:

- No FACE will be processed without the appropriate signature from the designated implementing partner official;
- The FACE is aligned with the annual work plan/budget. The activities for which funds authorization is requested, or for which expenditure is reported, will be the activities specified in the annual work plan;
- The FACE is normally certified by the designated official who signs the annual work plan. In all other circumstances, the annual work plan will specify any other official authorized to certify the FACE. For instance, the designated official signing the annual work plan may be from the central Ministry of Health while the actual expenditures may be incurred by a regional health office. In such cases, the annual work plan should specify whether the central authority will process and sign a consolidated FACE or whether individual FACE forms will be processed by other authorized officials from the subordinate offices and implementing partners. The respective reporting relationship must be specified in the annual work plan;
- A request for funding included in the FACE must be accompanied with an itemized cost estimate of the activities to be funded according to UNDP guidelines.

FACE: Header Area

The header area of the FACE allows the implementing partner to report on the reason and purpose of the funding/ reporting request. This data is usually needed for correct coding in financial and management accounting systems. The specific data elements include:

- Name of the agency (UNDP);
- Date of the request;
- Type of request (direct cash transfer, direct payment, reimbursement);
- Country where the program takes place;
- project title and code;
- Responsible officer(s);
- Implementing partner;
- Currency of the request and disbursement.

FACE: Body of the Form

Activity Description: activity ID and Budget Items description as it appears in the annual work plan/budget.

Coding Column: The second column is ATLAS chart of accounts: Account, Fund, Donor. This data is required for UNDP's financial accounting system.

Reporting Area

The FACE is a dynamic form that must balance and reconcile from one reporting period to the next. The first column, column A, on the form repeats the last one, column G, from the previously submitted and authorized FACE form. Note that columns C, D, F and G are shaded. They are blank when the FACE is submitted to the country office. They are filled out by the country office prior to the financial processing of the form. All non-shaded columns are to be completed by the implementing partner.

Column A – Authorized Amount: Column A will be blank for the first request from an implementing partner. It should include the date of the most recent previous authorization.

Column B – Actual Expenditure: Column B reports the actual expenditures by the implementing partner for the period. The expenditures reported by the implementing partner are, at this point, still subject to review and approval by the country office. The designated official of the implementing partner is certifying that these expenditures are reported in accordance with the provisions of the annual work plan, country programme action plan and/or other related agreements with UNDP.

Column C – Expenditures Accepted by Agency: Column C is used by the country office to review and approve, reject or amend to expenditures reported by the implementing partner. If the amounts are accepted as reported, no further adjustments to this part of the FACE or communication with the implementing partner about these expenditure is required. However, if changes are made (e.g., to query or reject a reported expenditure), then the amount recorded by the country office in column C will differ from that reported in column B. In this case, the change needs to be communicated with the implementing partner.

Column D – Balance: Column D records the balance of funds authorized for use in the reporting period that remained unspent as of the date of the form. The term 'unspent' can also reflect expenditures which are either known or ongoing as of the date of the FACE, but which cannot be certified by the implementing partner due to timing or internal reporting delays. The outstanding balance of funds authorized by activity can be carried forward, reprogrammed or refunded, depending on the particular circumstances of the signed agreement..

Requests and Authorizations Area

Column E – New Request Period and Amount: Column E determines the period of the new request, which is normally contiguous to the last reporting period. The column contains the requests for the authorization to spend or receive funds, by activity and for that period. Each time a request for new or additional funds

is submitted, it will be accompanied by an itemized list of expenditures in line with the annual work plan. This column can also reflect any balance for an activity in column D, which is requested for reprogramming. This will reduce the total amount of the new disbursement request accordingly.

Column F – Authorized Amount: Column F is used by the country office to establish the amount of new funds, by activity, to be disbursed for the new reporting period. This column is filled in by the country office. It can be used to accept, reject or modify the amounts requested in column E. Any credits for reprogramming will be reflected in this column for reconciliation of the amounts.

Column G – Outstanding Authorized Amount: Column G is the sum of columns D and F, and indicates the total outstanding authorized amount. For subsequent period reporting, the amount of this column will be carried forward to the column A of the new FACE form

Certification Area

The Certification Area is used by the designated official of the implementing partner to request funds and/or to certify expenditures. This area requires a date, the signature of the official and his/her title.

For Agency Use Only Area Approvals Box: The “For All Agencies” box in the lower left hand corner of the FACE form should be signed by the appropriate UNDP official. This indicates the review and approval of the request for funds and authorizes the recording of the reported expenditures. The official should sign, date and provide his/her title.

Bank accounts

In order to receive the funds advanced by UNDP, the IP/project may open a bank account to be used only for receiving UNDP advances and to make payments of the project. If local conditions permit, the bank account should be opened under the name of the project. Opening a separate bank account for the project will usually lower risk but may also place an additional administrative burden on the IP.

Alternatively, the IP may use an existing bank account under the IP’s name, but this option may only be used with the agreement of UNDP’s Project Manager. In making this decision, the Project Manager will consider the inherent risk involved, using the assurance mechanisms described in HACT.

Apart from the filed FACE form the implementing partner is requested to submit financial report of incurred expenditures against the agreed budget provided in section 6.

**b/ Narrative Report Format
(suggested template):**



*Empowered lives.
Resilient nations.*

UNDP Project title/number:

Date:

Responsible partner implementing LOA:

LOA duration:

Reporting period:

Narrative Learning Report Template

As a demonstration project under the Mayors for Economic Growth, quarterly narrative progress reports to capture effects and learnings are required. The brief quarterly progress reports provide status updates on activities and must cover the following additional questions as a minimum:

- Brief update on context analysis if relevant, and note risk and issues that have emerged
- Brief update on what was learned during the phase, including new understanding of the issues that are addressed by the intervention.
- Brief update on whether anything changed in the method of communication with stakeholders or in the mode of operation (LA team).
- Brief update on new aspects that may have emerged during implementation, including new partnerships or other opportunities.
- Any relevant feedback from beneficiaries, residents, partners and others on the activities that may affect positively or negatively the coming implementation
- Next steps/remaining activities.