

**THIRD-PARTY COST-SHARING AGREEMENT
BETWEEN THE GOVERNMENT OF THE KINGDOM OF BELGIUM AND
THE UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF)**

WHEREAS the Government of Belgium, acting through its Directorate - General for Development Cooperation hereby agrees to contribute funds to UNCDF on a cost-sharing basis (hereinafter referred to as "Contribution") for the implementation of the **Local Climate Adaptive Living (LoCAL) Mechanism** (hereinafter referred to as "Project"), as described in the Project Document, in Uganda, and submitted to the Government of Belgium for information.

WHEREAS UNCDF is prepared to receive and administer the Contribution for the implementation of the Project,

WHEREAS the Government of Uganda has been duly informed of the Contribution of the Government of Belgium to the Project,

WHEREAS UNCDF shall designate an Implementing Partner for the implementation of the Project (hereinafter referred to as the "Implementing Partner"),

NOW THEREFORE, UNCDF and the Government of Belgium hereby agree as follows:

Article I. The Contribution

1. (a) The Government of Belgium shall, in accordance with the schedule of payments set out below, contribute to UNCDF the Contribution amount of **EUR 6,435,644 and 1% Coordination Levy of EUR 64,356, totaling EUR 6,500,000. The Coordination Levy shall be paid as part of the first installment.**

<u>Schedule of Payments</u>	<u>Amount</u>
Tranche 1	EUR 1,369,745
Tranche 2	EUR 1,622,892
Tranche 3	EUR 1,368,766
Tranche 4	EUR 2,138,597
Total	EUR 6,500,000

- (b) The Contribution and Coordination Levy shall be deposited in the following bank account:

Contribution Account:	UNDP Contributions (EURO) Account
Bank Name:	Bank of America
Address:	5 Canada Square, London, E14 5AQ, UK
Account Number:	600862722022
IBAN:	GB59BOFA16505062722022
SWIFT Code:	BOFAGB22

(c) The payment will be done in four (4) installments.

- With the first installment and Coordination Levy paid upon signature of the present agreement and on the basis of a "request for payment" by UNCDF.
- The second, third and fourth installments will be paid upon submission by UNCDF of a financial statement proving that at least 70% of the previous installment has effectively been spent and/or been legally bound in a transaction in support of the project and on the condition that financial and narrative reports have been submitted on a yearly basis.
- In addition, payment of the fourth/last installment will be processed based on evidence of ownership of the initiative by the Government of Uganda as measured by government domestic co-financing of a cumulative amount of minimum USD 500,000 to be made available to participating districts in the form of performance-based climate resilience grants (PBCRGs) at the latest by 30 June 2023.

(d) The Government of Belgium will inform UNCDF when the Contribution is paid via an e-mail message with remittance information to uncdf.contributions@uncdf.org providing the following information: Government of Belgium, UNCDF Uganda Country Office, LoCAL-Uganda, donor reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNCDF.

2. The value of the payment, if made in a currency other than United States dollars, 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 UNCDF 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, UNCDF shall inform the Government of Belgium with a view to determining whether any further financing could be provided by the Government of Belgium. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNCDF.
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 Project delivery.
4. UNCDF shall receive and administer the payment in accordance with the rules, regulations, policies and procedures of UNCDF.
5. All financial accounts and statements shall be expressed in United States dollars.

Article II. UN Coordination Levy

6. Pursuant to paragraph 10 (a) of United Nations General Assembly Resolution A/RES/72/279 (31 May 2018), the Government of Belgium agrees that an amount corresponding to 1% of the total contribution to UNCDF shall be paid to finance the United Nations Resident Coordinator System. This amount, hereinafter referred to as the "Coordination Levy" will be held in trust by UNCDF until transfer to the United Nations Secretariat for deposit into the

United Nations Special Purpose Trust Fund, which has been established to finance the United Nations Resident Coordinator System and is managed by the United Nations Secretariat.

7. The Government of Belgium acknowledges and agrees that once the Coordination Levy has been transferred by UNCDF to the United Nations Secretariat, UNCDF is not responsible for the use of the Coordination Levy and does not assume any liability. The fiduciary responsibility lies entirely with the United Nations Secretariat as the manager of the Resident Coordination System.
8. The Coordination Levy does not form part of UNCDF's cost recovery and is additional to the costs of UNCDF to implement the activity or activities covered by the contribution. Accordingly, there is no obligation for UNCDF to refund the levy, in part or in full, even where the activities covered by the contribution are not carried out in full by UNCDF. As deemed necessary by the Government of Belgium, however, especially where the scale of the resources concerned or reputational risk justify the refund transaction costs, the Government of Belgium can submit a request for refund to the United Nations Secretariat directly.
9. UNCDF will not administer the Coordination Levy. UNCDF will not report on the use of the Coordination Levy. UNCDF does not have any liability on the use of the Coordination Levy by the United Nations Secretariat. Clarifications on the administration, reporting and/or use of the Coordination Levy by the United Nations Secretariat shall be discussed by the Government Belgium and the United Nations Secretariat on bilateral basis.
10. A Contribution of EUR 6,435,644 for UNCDF is made under the Agreement. The 1% Contribution to the Coordination Levy is EUR 64,356 . The contribution to UNCDF and Coordination Levy totaling EUR 6,500,000.00 will be transferred to UNCDF at the bank account indicated in the Agreement immediately after its signature.

Article III. Utilization of the Contribution

11. The implementation of the responsibilities of UNCDF and of the Implementing Partner pursuant to this Agreement and the Project document shall be dependent on receipt by UNCDF of the Contribution in accordance with the schedule of payments as set out in Article I, paragraph 1, above. UNCDF shall not start the implementation of the activities prior to receiving the Contribution or the first tranche of the Contribution (whichever is applicable).
12. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNCDF shall submit to the Government of Belgium on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government of Belgium shall use its best endeavors to make available to UNCDF the additional funds required. All losses (including but not limited to losses as result of currency exchange fluctuations) shall be charged to the Project.
13. If the payments referred to in Article I, 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 the Government of Belgium or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNCDF.

Article IV. Administration and reporting

14. Project management and expenditures shall be governed by the regulations, rules policies and procedures of UNCDF and, where applicable, the regulations, rules, policies and procedures of the Implementing Partner.
15. UNCDF shall provide to the Government of Belgium the following reports in accordance with UNCDF accounting and reporting procedures.
 - (a) From the country office an annual status report of Project progress for the duration of this Agreement, as well as the latest available approved budget.
 - (b) From UNCDF Bureau for Management Services/Offices of Financial Resources 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) From the country office within six months after the date of completion or termination of this Agreement, a final report summarizing Project activities and impact of activities as well as provisional financial data.
 - (d) From UNCDF Bureau for Management Services/Offices of Financial Resources Management, on completion of the Project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.
16. If special circumstances so warrant, or upon the Government of Belgium's request, UNCDF may provide more frequent reporting at the expense of the Government of Belgium. The nature and frequency of this reporting shall be detailed in an annex to this Agreement.

Article V. General Management Support services

17. In accordance with the decisions, policies and procedures of UNCDF'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 UNCDF 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 at least 8%. 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 Project budget against a relevant budget line and borne by the Project accordingly.
18. The aggregate of the amounts budgeted for the Project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the Project under this Agreement as well as funds which may be available to the Project for Project costs and for support costs under other sources of financing.

Article VI. Evaluation

19. All UNCDF Programmes and Projects are evaluated in accordance with UNCDF Evaluation Policy. UNCDF and the Government of Uganda 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. UNCDF shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

Article VII. Equipment

20. Ownership of equipment, supplies and other properties financed from the Contribution shall vest in UNCDF. Matters relating to the transfer of ownership by UNCDF shall be determined in accordance with the relevant policies and procedures of UNCDF.

Article VIII. Auditing

21. The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations and rules, policies and procedures of UNCDF. Should the annual Audit Report of the UN Board of Auditors to its governing body contain observations relevant to the Contribution, such information shall be made available to the Government of Belgium by the country office.

Article IX. Completion of the Agreement

22. UNCDF shall notify the Government of Belgium when all activities relating to the Project have been completed in accordance with the Project document.
23. Notwithstanding the completion of the Project, UNCDF shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the Project have been satisfied and Project activities brought to an orderly conclusion.
24. If the unutilized funds prove insufficient to meet such commitments and liabilities, UNCDF shall notify the Government of Belgium and consult with the Government of Belgium on the manner in which such commitments and liabilities may be satisfied.
25. In cases where the Project is completed in accordance with the project document any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNCDF. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be refunded to the Government of Belgium or may be reallocated by UNCDF after consultation and upon written approval of the Government of Belgium.

Article X. Termination of the Agreement

26. This Agreement may be terminated by UNCDF or by the Government of Belgium after consultations between the Government of Belgium, UNCDF and the Government of Uganda, and provided that the funds from the Contribution already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the 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.
27. Notwithstanding termination of all or part of this Agreement, UNCDF shall continue to hold unutilized funds until all commitments and liabilities incurred in the implementation of all or the part of the Project have been satisfied and Project activities brought to an orderly conclusion.
28. In cases where this Agreement is terminated before Project completion any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNCDF. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be refunded to the Government of Belgium or may be reallocated by UNCDF after consultation and upon written approval of with the Government of Belgium.

Article XI. Fraud and Anti-Corruption Measures

29. The Parties agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNCDF shall maintain standards of conduct to govern the performance of its staff, including of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNCDF Financial Regulations and Rules, and the UNCDF Procurement Manual.

Article XII. Anti-Terrorism Measures

30. Consistent with numerous United Security Council resolutions, including S/RES/1269 (1999), S/RES 1368 (2001), and S/RES/1373 (2001), both the Government of Belgium and UNCDF are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of UNCDF to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, UNCDF undertakes to use reasonable efforts to ensure that none of the Government of Belgium funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism.

Article XII-B. Sexual Exploitation, Abuse and Harassment ('SEAH') Provisions

- 1.

(a) Sexual Exploitation and Abuse (“SEA”):

The Government of Belgium and UNCDF have a zero tolerance for inaction approach to tackling sexual exploitation and abuse (“SEA”).¹ This means UNCDF 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 UNCDF, UNCDF will apply the IASC Six Core Principles Relating to Sexual Exploitation and Abuse² and the following principles and practices when implementing the activities under this arrangement and provide evidence to demonstrate this where required:

- i. 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;
- ii. A victim/survivor-centred approach³ to SEA issues;
- iii. Strong leadership and signaling on tackling SEA;
- iv. Make all reasonable efforts to address gender inequality and other power imbalances;
- v. Reporting to enhance accountability and transparency;
- vi. 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 the United Nations Protocol on Allegations of Sexual Exploitation and Abuse Involving Implementing Partners].

(b) Sexual Harassment (“SH”):

¹ See UNSG Bulletin ST/SGB/2003/13 for the definition of sexual exploitation and abuse.

² **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 defence. (3) Exchange of money, employment, goods, or services for sex, including sexual favours or other forms of humiliating, degrading or exploitative behaviour 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.”

³ 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 Government of Belgium and UNCDF have a zero tolerance for inaction approach to tackling sexual harassment (“SH”).⁴ This means UNCDF 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 UNCDF, UNCDF will apply the following principles and practices when implementing the activities under this arrangement:

- i. A victim/survivor-centred approach to SH issues;
 - ii. Strong leadership and signaling on tackling SH;
 - iii. Make all reasonable efforts to address gender inequality and other power imbalances;
 - iv. Reporting to enhance accountability and transparency;
2. UNCDF will adhere to the following requirements:
- (a) Allegations of (‘SEA’):
- i. UNCDF will promptly report all allegations of SEA credible enough to warrant an investigation through the Secretary-General’s reporting mechanism (the “Report”).
 - ii. When UNCDF 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 UNCDF and the Government of Belgium, UNCDF will promptly notify the Directorate-General for Development Cooperation (point of contact: Guy Rayée, acting director-general, guy.rayee@diplobel.fed.be) of the report made and the relevant arrangement number, if applicable and provide information containing the level of detail that UNCDF is aware of.
 - iii. Upon request from the Government of Belgium, UNCDF agrees to provide further available relevant information UNCDF is aware of for allegations notified under paragraph 2a (ii) including about subsequent measures taken by UNCDF, unless disclosure of such information would be inconsistent with UNCDF regulations, rules, policies and procedures concerning disclosure of information
- (b) Allegations of (‘SH’):
- i. UNCDF will report allegations of sexual harassment and measures taken through existing reporting mechanisms.
 - ii. Where UNCDF has determined that the allegations would have a significant impact on the partnership between UNCDF and the Government of Belgium, UNCDF will promptly notify the Directorate-General for Development Cooperation (point of contact: Guy Rayée, acting director-general, guy.rayee@diplobel.fed.be) and provide information containing the level of detail of the existing reporting mechanisms.
 - iii. Upon request from the Government of Belgium, UNCDF agrees to provide further available relevant information, that UNCDF is aware of unless disclosure of such

⁴ 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.

information would be inconsistent with UNCDF regulations, rules, policies and procedures concerning disclosure of information.

3. It is understood and accepted that UNCDF's arrangement to report on SEA and SH will be performed in accordance with UNCDF regulations, rules, policies and procedures, 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 UNCDF becomes aware of reasonable suspicions, complaints or reports of SEA or SH by its personnel, UNCDF 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 Government of Belgium 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 UNCDF's zero tolerance for SEA and SH, provided that such measures are consistent with the single audit principle governing the UN, if applicable. UNCDF will fully cooperate within the scope of the terms of reference with any such reasonable requests by the Government of Belgium 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 Government of Belgium 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 Government of Belgium will presume information/documentation to be confidential, deliberative, and investigatory and will ensure that information/documentation provided to the Government of Belgium 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 UNCDF. The Government of Belgium will obtain the express written authorization of UNCDF before disclosing any such information/documentation in a judicial proceeding or to the public, unless disclosure is otherwise required by law applicable to the Government of Belgium and is not subject to UNCDF'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 UNCDF are amended at an earlier stage, and/or there are other substantive changes to any of the referenced policies, processes or mechanisms, the above provisions are subject to possible review two years after the date of the Government of Belgium's mutual decision on their text with UNCDF. 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 Government of Belgium's mutual decision on the present text with UNCDF, until which time the above provisions will continue to apply.

Article XIII: Notice

31. Any notice or correspondence between UNCDF and the Government of Belgium will be addressed as follows:

(a) To the Government of Belgium: Embassy of Belgium to Uganda and South Sudan
Address: Rwenzori Towers, Nakasero Road, plot 6
P.O. Box 7043 Kampala, Uganda

(b) Upon receipt of funds, UNCDF shall send an electronic receipt to the Government of Belgium email address provided below as confirmation that the remitted funds have been received by UNCDF

Government of Belgium email address: kampala@diplobel.fed.be;
Att: Koen.VanAcoleyen@diplobel.fed.be
Mr. Koen Van Acoleyen, Head of Development Cooperation

(c) To UNCDF: UNCDF/LoCAL Uganda
Att : Ms. Sophie De Coninck
Global Climate Facility Manager
Address: UNCDF, 4 Ngabo Rd, Kampala, Uganda
Email address: sophie.de.coninck@uncdf.org

Article XIV. Amendment of the Agreement

32. This Agreement may be amended through an exchange of letters between the Government of Belgium and UNCDF. The letters exchanged to this effect shall become an integral part of this Agreement.

Article XV. Entry Into Force

33. This Agreement shall enter into force 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 the Government of the Kingdom of Belgium:



Name: Meryame Kitir
Title: Minister of Development Cooperation
and Major Cities Policy
Date:

03 NOV. 2021

For UNCDF

Name: Preeti Sinha
Title: Executive Secretary

Date: