

**Letter of Understanding**

**between**

***[Version 1: if the agency is a UN Fund or Programme, e.g. UNDP, UNICEF, UNFPA]***

**The United Nations Office for the Coordination of Humanitarian Affairs**

**and**

**[AGENCY – name of the Fund or Programme]**

**xx**

***[Version 2: if the agency is a specialized agency or IOM]***

**The United Nations, represented by the Office for the Coordination of  
Humanitarian Affairs,**

**and**

**[Name of the specialized agency or IOM]**

**regarding the Disbursements of Funds from the Grant Element of the Central  
Emergency Response Fund**

**WHEREAS** the Secretary-General of the United Nations established the Central Emergency Response Fund (hereinafter “CERF”), in accordance with General Assembly resolutions 46/182 of 19 December 1991 and 60/124 of 15 December 2005, funded by voluntary contributions;

**WHEREAS** pursuant to General Assembly resolution 60/124 CERF includes a grant element to make resources immediately available to support rapid response to humanitarian crises and address critical humanitarian needs in underfunded emergencies;

**WHEREAS** pursuant to the provisions and definitions of Secretary-General’s bulletin, entitled Establishment and Operation of the Central Emergency Response Fund, ST/SGB/2010/5 dated 23 April 2010, copy attached as Annex I hereto, the administration and management of the loan and grant elements of the CERF are governed by the United Nations Financial Regulations and Rules, and the Office for the Coordination of Humanitarian Affairs (hereinafter “OCHA”) has been designated as the CERF Secretariat to support the Programme Manager, the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator (hereinafter “ERC”), of CERF;

**WHEREAS** the CERF Advisory Group, established pursuant to ST/SGB/2010/5, as well as donors and operational organizations eligible for receipt of funds from the grant element of CERF, recommended that an umbrella Letter of Understanding be developed setting out the terms and conditions of disbursements from the grant element of CERF to an operational organization;

**NOW, THEREFORE**, OCHA and [...] (hereinafter “the Eligible Organization”) (hereinafter individually referred to as “the Party” and collectively as “the Parties”) have agreed as follows:

## **Article 1 Purpose and Duration**

***[Version 1 (retroactive version): if the agency would like this umbrella LoU to supersede the old project-level LoUs signed between 23 April 2010, the entry into force of the amended Secretary-General’s Bulletin on CERF SG/SGB/2010/5, and the date of signature of this umbrella LoU]***

This Letter of Understanding (hereinafter “LoU”), sets out the terms and conditions for the disbursement of funds from the grant element of CERF (hereinafter the “Grant Funds”) to the Eligible Organization. Any necessary amendments required to this LoU will be carried out as per the provisions in Article 9. Any and all letters of understanding signed between 23 April 2010, the date of entry into force of ST/SGB/2010/5, and the date of signature of this LoU, listed below in the Appendix hereto (the “Post-23 April LoUs”), will continue to remain in effect in accordance with the terms and conditions thereof, except that, in case of any inconsistency between the provisions of a Post-23 April LoU and those of this LoU, the provisions of this LoU shall prevail.

***[Version 2 (non-retroactive version): if the agency doesn’t want this umbrella LoU to supersede the old project-level LoUs signed between 23 April 2010, the entry into force of the amended Secretary-General’s Bulletin on CERF SG/SGB/2010/5, and the date of signature of this umbrella LoU]***

This Letter of Understanding (hereinafter “LoU”), sets out the terms and conditions for the disbursement of funds from the grant element of CERF (hereinafter the “Grant Funds”) to the Eligible Organization. Any necessary amendments required to this LoU will be carried out as per the provisions in Article 9.

## **Article 2 Responsibilities of the Eligible Organization in the Application and Use of Grant Funds**

*Use of Grant Funds*

2.1 The Eligible Organization shall use the Grant funds in accordance with the purpose for which they are made available, as described in the Application Template (including cost plan) to be submitted in accordance with Articles 2.11 and 2.12 below, and the terms and conditions of this LoU, primarily for projects of the Eligible Organization to provide immediate finance to:

- (a) Ensure rapid response to humanitarian, life-saving needs due to sudden onset emergencies, time-critical crises, or rapid deterioration within an existing crisis (hereinafter “Rapid Response”), and;
- (b) Address core emergency humanitarian needs in chronically underfunded emergencies (hereinafter “Underfunded Crisis”).

### *Implementation*

2.2 Activities funded by the Rapid Response Grant funds shall be implemented, as defined in ST/SGB/2010/5, by the Eligible Organization within six months following disbursement thereof.

2.3 Activities funded by the Underfunded Crisis Grant funds shall be implemented, as defined in ST/SGB/2010/5, by the Eligible Organization by:

- (a) 31 December of the same year for Grant funds disbursed during the period from 1 January to 30 June;
- (b) 30 June of the subsequent year for Grant funds disbursed during the period from 1 July to 31 December.

2.4 In the event that activities cannot be implemented by the deadlines as stipulated in Articles 2.2 and 2.3 above, the Eligible Organization shall request the extension in writing, with the endorsement of the Resident/Humanitarian Coordinator (RC/HC), and shall obtain prior written approval from the ERC ten days before the expiry of the project implementation deadline.

2.5 In the case that projects are not implemented, as defined by ST/SGB/2010/5, by the deadline and an extension has not been granted by the ERC, the Eligible Organization is expected to return all unexpended funds, as per the internal definition of the Eligible Organization, to the CERF.

### *Financial Management*

2.6 The Eligible Organization shall separately account under its financial regulations and rules for the receipt and administration of the Grant funds received pursuant to this LoU. The Eligible Organization shall comply with its own financial regulations and rules in respect of the use of the Grant funds.

2.7 The Eligible Organization shall request in writing and shall obtain prior written approval from the ERC if the Grant funds disbursed under the present LoU require use for a purpose different from that for which the Grant funds were approved, which constitutes a change in the project scope. Should such approval not be granted, the Grant funds not legally obligated for its intended purpose by the Eligible Organization, at the time of receipt of the notice of non-approval, shall be returned in accordance with Article 6 of this LoU.

2.8 The Eligible Organization shall request in writing, with endorsement from the RC/HC, and shall obtain prior written approval from the ERC for the redeployment of funds within a project budget for amounts that cumulatively exceed 15% of the approved direct project costs. No funds may be redeployed to or from staff or indirect administrative costs (PSC) without prior written approval of the ERC.

2.9 The Eligible Organization shall not assign against CERF project funds financial expenditures incurred prior to the start of the emergency for which the CERF project funds are approved by the ERC.

2.10 The Eligible Organization shall be responsible for the oversight, including related financial and substantive reporting as required under the terms of the LOU, of Grant funds disbursed to any implementing partner, and shall ensure that the Grant funds are used in accordance with the purpose for which they are provided. The Eligible Organization shall be responsible for and shall deal with any claims arising out of or relating to the use of the Grant funds disbursed to the Eligible Organization under this LoU, and shall use its own internal administrative arrangements when engaging implementing partners, which must be in accordance with the provisions set forth in this letter of understanding and the ST/SGB/2010/5.

#### *Application Procedure*

2.11 For each specific funding request, the Eligible Organization shall submit to OCHA a completed CERF grant application, endorsed by the RC/HC, using the Grant Application Template, including the cost plan, attached hereto as Annex II.

2.12 If the application to the grant element is approved, OCHA shall provide an approval letter to the Eligible Organization (hereinafter the "Approval Letter"), signed by the ERC, which will include all project specific details, and which must be counter-signed by the authorized representative of the Eligible Organization, indicating the acceptance of the project funds under the terms and conditions as set forth in the LOU, using the template attached hereto as Annex III.

### **Article 3 Administrative Costs**

The total indirect Programme Support Costs of the Eligible Organizations shall not exceed the cumulative rate of 7% of the actual direct project costs. All other direct costs incurred by each Eligible Organization in carrying out the activities for which it is responsible within the scope of the Project will be recovered as direct costs.

#### **Article 4 Disbursements**

Disbursements of Grant funds shall be made to the following bank account of the Eligible Organization:

Bank Name:           [...]  
Bank Address:       [...]  
Account Name:       [...]  
Account Number:   [...]  
ABA:                   [...]  
Swift Code:           [...]  
Reference:           [...]  
Special Instructions: [...]

#### **Article 5 Reporting, Audits and Evaluations**

5.1 The Eligible Organization shall comply with the reporting and accountability requirements as set out in Article 5.2 to 5.13 below.

##### *Financial Reporting for Rapid Response and Underfunded Crisis*

5.2 The interim and final financial reports shall be submitted to OCHA using the format attached hereto as Annex IV. All financial reports shall be certified by the authorized official of the Eligible Organization (see Article 5.3 (a) and (b) below) and submitted to the Director, Accounts Division of the United Nations with a copy to the ERC. When applicable, the financial reports must include interest accrued on unspent CERF funds.

5.3 For all projects, the Eligible Organization shall submit:

- (a) An interim financial report for each grant (or a consolidated report for multiple grants issued as one disbursement by the UN Secretariat) as at 31 December, certified by the duly authorized designated official(s) of the Eligible organization as accurate and complete to the best of his/her knowledge, shall be submitted, as directed in Article 5.2 above, by 15 February of the following year.

- (b) A final financial report for each grant (or a consolidated report for multiple grants issued as one disbursement by the UN Secretariat) as at 31 December, certified by the duly authorized designated official(s) of the Eligible Organization, shall be submitted, as directed in Article 5.2 above, by 30 June of the following year.
- 5.4 For rapid response projects with an implementation end date between 1 January and 30 June of a given year, the Eligible Organization shall submit an interim report, as directed in Article 5.2 above, by 15 August of the same year.

#### *Audit Requirements*

5.5 The Eligible Organization shall comply with internal and external audit procedures as set out in its financial regulations and rules. If an external audit report contains observations specific to the contribution of the Fund, the eligible organization shall communicate the recommendations and the eligible organization's responses to the Coordinator. The Eligible Organization will prepare a summary of any internal audit report on activities related to the CERF contribution at intervals agreed upon between the Eligible Organization and ERC. The summary will highlight to the ERC the specific recommendations for the CERF contribution and the Eligible Organization's response. In addition, should the General Assembly or the Board of Auditors require information specific to the CERF funds contributed under this Letter of Understanding, the Eligible Organization shall cooperate with the UN Secretariat with respect to the provision of such information.

#### *Substantive Reporting*

##### At Headquarters level:

5.6 The Eligible Organization shall submit to OCHA, shortly after the end of the first quarter each year, an annual report regarding the overall strategic impact of CERF funding upon the Eligible Organization's global emergency programmes. The two- to three-page analytical report should describe how CERF funds supported the implementation of time-critical, life-saving activities, or how the provision of funding ensured the implementation of underfunded emergency programmes.

5.7 The report should provide an analysis on the overall strategic impact of CERF funds regarding the global emergency programmes of the Eligible Organization. In addition, the information provided should detail how CERF funds supported the implementation of time-critical, life-saving activities during sudden onset emergencies, in response to the rapid deterioration of existing crises or in strengthening the core elements of the overall humanitarian response.

5.8 Information provided in the annual report may be included in the Secretary-General's report to the General Assembly concerning the CERF.

At Field level:

5.9 The Eligible Organization shall ensure that its country offices submit inputs to the RC/HC according to deadlines set forth by the ERC in order for the inputs to be included in the annual narrative report concerning the use of the Grant funds. Inputs shall contain information regarding the use and impact of CERF funding, whether the intended number of beneficiaries had been reached through CERF-supported services, and indicate if all CERF funds were used for the purposes described in the request for funding as approved by the ERC. OCHA and the CERF Advisory Group may share the information with donors and other stakeholders and use its contents for analysis, lessons learned, and advocacy and public information purposes.

5.10 For rapid response projects with an implementation end date between 1 January and 30 June of a given year, the Eligible Organization shall submit narrative information on project specific completed activities to the RC/HC by 15 August of the same year.

*Other Reporting and Accountability Matters*

5.11 Upon request by OCHA, the Eligible Organization shall participate in evaluations on the use of the Grant funds. The Eligible Organization shall provide OCHA with copies of any evaluations of the project which the Eligible Organization undertakes.

5.12 Consistent with numerous United Nations Security Council resolutions, including S/RES/1269 (1999), S/RES/1368 (2001), and S/RES/1373 (2001), both the Eligible Organization and OCHA are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. The Eligible Organization undertakes to use reasonable efforts to ensure that none of the funds provided under this LoU are used to provide support to individuals or entities associated with terrorism.

5.13 When deemed necessary by OCHA, and with prior consultation and agreement of the Eligible Organization on the relevant Terms of Reference, OCHA may conduct on-site visits of projects financed by the Grant funds.

**Article 6**  
**Unused funds**

6.1 If the Eligible Organization identifies a portion of Grant funds that remain unspent at the end of the implementation period, it shall, taking into consideration extensions endorsed by the RC/HC and approved by the ERC, refund 75% of the uncommitted portion of the unspent funds, including any interests accrued thereon, where

applicable, by:

- (a) 15 August for projects with an implementation end date between 1 January to 30 June of the same year, or, alternatively, immediately following the implementation deadline and;
- (b) 15 February of the subsequent year for projects with an implementation end date between 1 July to 31 December.

6.2 Final refunds, including (where applicable), accrued interest on unspent funds shall be deposited to the UN bank account by 30 June of the year following the end of the implementation period. Such refunds shall be reflected in the Eligible Organization's final certified financial reports.

## **Article 7 Settlement of Disputes**

### ***[Version 1 – if the Eligible Organization is a UN Fund or Programme]***

7.1 Any relevant matter for which no provision is made in this LoU, or any controversy between OCHA and the Eligible Organization shall be settled by negotiation between the Parties. Each Party shall give full and sympathetic consideration to any proposal advanced by the other under this LoU.

7.2 Should the Parties not be in a position to find a mutually acceptable solution, after full and careful consideration by the ERC and the head of the Eligible Organization, the matter shall be deferred to the Secretary-General for resolution.

**OR**

### ***[Version 2 – if the Eligible Organization is a specialized agency or IOM]***

7.1 Any dispute between UN and the Eligible Organization shall be settled by negotiations between the Parties or through conciliation and, failing settlement by either or both of these means, by arbitration. Each Party shall give full and sympathetic consideration to any proposal advanced by the other under this LoU.

7.2 In case any matters are not resolved by negotiation, either Party shall have the option to request the appointment of a conciliator or arbitrator by the President of the International Court of Justice. The procedure of the conciliation or arbitration shall be fixed, in consultation with the Parties, by the conciliator or arbitrator. The recommendation of the conciliator or the arbitral award shall contain a statement of the reasons on which it is based. The Parties shall give due consideration to the recommendation of a conciliator and abide by an arbitral award.



**Article 8**  
**Notices**

Any notice required to be given by either Party under this LoU shall be given in writing, shall be deemed given when actually received by the other Party, and shall be conveyed via first class mail, postage prepaid, or via private courier, facsimile or electronic mail as follows:

For OCHA to:

Name: Steve O'Malley  
Title: Chief, CERF Secretariat  
Address: 380 Madison Avenue, M-06006, New York, NY 10017, USA  
Telephone: +1-212-963-1627  
Facsimile: +1-917-367-3171  
E-mail: [omalley@un.org](mailto:omalley@un.org)

For Eligible Organization to:

Name: [...]  
Title: [...]  
Address: [...]  
Telephone: [...]  
Facsimile: [...]  
E-mail: [...]

**Article 9**  
**Entry into Force and Amendment**

9.1 This LoU shall enter into force upon signature by authorized officials of the Parties and shall continue in full force and effect until otherwise terminated in writing by authorized officials of the Parties.

9.2 This LoU may only be amended by a written agreement between the Parties duly executed by authorized officials of the Parties.

**IN WITNESS WHEREOF**, the undersigned, being duly authorized by their respective Parties, have signed this Letter of Understanding on the dates indicated below.

For OCHA [put United Nations  
if the other party is a specialized  
Agency]

For Eligible Organization:

Organization: United Nations Secretariat

Name: Jun Yamazaki

Title: Assistant Secretary-General,  
Controller

Date:

Organization:

Name:

Title:

Date: