



MEMORANDUM OF UNDERSTANDING
BETWEEN THE
ASIAN DEVELOPMENT BANK
AND THE
UNITED NATIONS DEVELOPMENT PROGRAMME

MEMORANDUM OF UNDERSTANDING FOR ADMINISTRATIVE ARRANGEMENTS

This Memorandum of Understanding (MOU) will form the basis of cooperation between the

ASIAN DEVELOPMENT BANK AND UNITED NATIONS DEVELOPMENT PROGRAMME

A. The Cooperation Partners

1. The Asian Development Bank (ADB) and the United Nations Development Programme (UNDP) have a mutual interest in achieving effective and relevant policies and programming in international development in the Asia and Pacific region, including in Central Asia and the Caucasus.
2. ADB, a multilateral development bank in the Asia and Pacific region, is an inter-governmental organization established by its regional and non-regional member countries. With an overarching goal of reducing poverty in the region, ADB seeks to assist its regional developing member countries through catalyzing investment, strengthening inclusiveness, promoting regional cooperation, managing the environment and improving governance and prevention of corruption.
3. UNDP, a subsidiary organ of the United Nations, an inter-governmental organization established by UN member states. With substantial programs worldwide which include the region covered by ADB, UNDP seeks to assist in the reduction of poverty, to foster good governance, to promote human resource development and to improve the quality of life in developing countries in the Asia and Pacific region as well as in other regions.
4. Representatives of ADB and UNDP have held discussions with a view to enhancing opportunities for collaboration that will strengthen institutional capacities in both organizations and enhance the efficiency and effectiveness of the use of their respective resources.
5. ADB and UNDP have concluded that they should continue to collaborate in areas of mutual interest in supporting international development in the Asia and Pacific region including in Central Asia and the Caucasus.

B. Guiding Principles

6. ADB and UNDP agree that:
 - (a) Country and regional ownership of sound development policies and programs are necessary to ensure sustainable development;
 - (b) Long-term approaches to sustainable development are needed;

- (c) Full stakeholder participation should be encouraged, consistent with available resources;
- (d) Development policies and programs should be results oriented and built on transparent relationships between development assistance providers and beneficiary countries; and
- (e) ADB-UNDP cooperation should focus on their shared strategic and operational priorities and use their comparative strengths and advantages.

C. Scope of Proposed Cooperation and Activities

7. ADB and UNDP intend to:
 - (a) Share knowledge of lessons learned and evaluation results of their development activities;
 - (b) Consult each other on regional, sub-regional and country-level policy dialogue and programming related to regional, sub-regional and country activities and issues, where feasible and appropriate; and
 - (c) Explore the potential of co-financing and other arrangements for funding regional, sub-regional and country programs and projects.
8. ADB and UNDP recognize that the potential for cooperation will vary significantly in different developing countries depending on the nature of development challenges, the needs of the developing country and the scope of the respective country programs of ADB and UNDP in each particular case. They agree to review periodically a list of developing countries that they should designate for proactive ADB-UNDP cooperation and those other developing countries where such cooperation should be pursued opportunistically.
9. ADB and UNDP agree that their cooperation to start in 2007 will focus on those activities identified in Appendix A. This Appendix will be updated from time to time with the mutual written consent of the two organizations without the need to formally amend this MOU.
10. In addition ADB and UNDP agree that, in the context of the *Paris Declaration on Aid Effectiveness*, they will explore, and implement where possible, measures to harmonize their procedures for administration and implementation of proposed project cooperation, as indicated in Appendix B, upon concurrence of the respective country authorities in relation to proposed specific measures, to reduce the administrative burden on developing countries and their own respective organizations.
11. The activities of ADB and UNDP under this MOU are subject to decisions of their respective governing bodies and their respective applicable regulations, rules, policies and procedures.

D. Exchange of Information

12. ADB and UNDP recognize that effective collaboration depends upon open, comprehensive, and regular exchange of information at both the institutional and country levels.
13. ADB and UNDP agree to make appropriate arrangements at the headquarters level to give notice, through information posted on the web sites of each organization, of
 - (a) Conferences, seminars, and workshops being organized or sponsored;
 - (b) Regional, country, sector and thematic policy/strategy documents;
 - (c) Program and project approval documents; and
 - (d) Regional program, country program, sector, project and other evaluations.
14. In addition ADB and UNDP agree that ADB Resident Missions/UNDP Country Offices in developing countries should make appropriate arrangements to facilitate the exchange of information at the country level within their country areas of responsibility.

E. Participation

15. ADB and UNDP recognize that appropriate representation is important to emphasize their common interests, purpose and intentions, as well as to facilitate all aspects of effective cooperation. To encourage this, the two organizations agree to extend reciprocal invitations, where feasible and relevant to the identified areas of cooperation, to attend meetings, conferences, seminars and workshops.
16. In addition, ADB and UNDP agree that their headquarters' departments/bureaux and their ADB Resident Missions/UNDP Country Offices in developing countries should make arrangements, as appropriate, to extend invitations to each other to participate in meetings, conferences, seminars and workshops convened by them at the country-level within their country areas of responsibility.

F. Consultations

17. ADB and UNDP recognize that periodic consultations at both the senior institutional level and at the country level are important events to review the planning, implementation, and outcomes of their cooperation activities as well as discussing results, challenges, opportunities and problems. In this respect, they agree to hold:
 - (a) Institutional and regional consultations at the headquarters level periodically as required and not less than once every two years; and
 - (b) Country level consultations at the ADB Country Director/UNDP Resident Representative level in those developing countries designated in accordance with Appendix A, paragraph 6(b) as required and not less than once every year.

G. Focal Points

18. ADB and UNDP agree that the focal points at the headquarters level for institutional and region-wide cooperation are to be:
 - (a) For ADB: Director-General, Strategy and Policy Department; and
 - (b) For UNDP: Assistant Administrator/Director, Bureau for Resources and Strategic Partnerships (BRSP) in consultation with the Assistant Administrator/Regional Director, Bureau for Asia and the Pacific (RBAP) and the Assistant Administrator/Regional Director for Bureau for Europe and the Commonwealth of Independent States (RBEC).
19. In addition, ADB and UNDP agree that the ADB Country Directors/UNDP Resident Representatives are to be designated as the focal points for communications between the two organizations concerning country level cooperation within their country areas of responsibility. ADB and UNDP recognize that the specific roles of the country level focal points may vary significantly in scope and/or intensity depending on context and the ADB and UNDP programs in each developing country.

Roles and responsibilities of focal points at the headquarters level

20. The focal points at the headquarters level will be responsible for:
 - (a) Establishing effective communication and liaison between the headquarters of the two organizations;
 - (b) Facilitating the implementation of all institutional and regional aspects of this MOU, and the opportunities identified for such cooperation;
 - (c) Publicizing this MOU and the cooperation undertaken under it within their respective organizations;
 - (d) Facilitating the attendance of representatives of the other organization at the meetings, workshops and seminars held at headquarters and other locations where the subject matter of these events are of mutual interest;
 - (e) Convening the periodic senior consultations at the headquarters level as required, and not less than once every two years, to review implementation of this MOU and other matters of mutual interest; and
 - (f) Monitoring implementation of the MOU and reviewing instances of cooperation undertaken by the two organizations in accordance with this MOU.

H. Roles and responsibilities of focal points at the country level

21. Under supervision of the ADB Director-General and the UNDP Assistant Administrator/Regional Director, as may be applicable in each case, the ADB Country Directors/UNDP Resident Representatives will be responsible for the implementation of agreed country level cooperation within their country areas of responsibility.
22. As focal points at the country level, the ADB Country Director/UNDP Resident Representative will be responsible for preparation and submission, through the ADB Director-General and the UNDP Assistant Administrator/Regional Director, as may be applicable in each case, to the headquarters' focal points, of:
 - (a) Brief summary reports as necessary on the status of implementation of all ADB-UNDP cooperation within their country areas of responsibility;
 - (b) Other special reports as they deem necessary, detailing the implementation status of specific cooperation;
 - (c) Annual summary assessments of the results achieved with the agreed cooperation within their country areas of responsibility; and
 - (d) Recommendations for future cooperation within their country areas of responsibility.

I. Planning, Implementation, Reporting and Evaluation of Activities

23. Based on inputs from ADB Country Directors/UNDP Resident Representatives (and from other supporting headquarters and/or regional office units where relevant) submitted to and consolidated by the ADB Director General/UNDP Assistant Administrator/Regional Director as may be applicable in each case, the headquarters' focal points will coordinate annually the preparation of:
 - (a) A consolidated list of all current operational cooperation at the institutional level, regional level and country-specific level and a report on the implementation status of such cooperation;
 - (b) A consolidated list of all planned cooperation at the institutional level, regional level and country-specific level cooperation for the next budget year, with a brief description thereof;
 - (c) A consolidated list of all anticipated cooperation in the subsequent years; and
 - (d) A consolidation of the summary assessments (as referred to in paragraph 22 (c) above) to be reviewed in considering further cooperation.
24. The headquarters' focal points will initiate and arrange for an independent joint mid-term review of the development results and impact of cooperation initiated under this MOU with this review to be completed by the end of the third year that the MOU is in effect.

J. Promotion of the Cooperative Arrangements

25. ADB and UNDP recognize that the cooperative arrangements should be publicized, both within each of their organizations and in the general community. They therefore agree to:
- (a) Acknowledge the role and contribution of each organization to their cooperation in all public information documentation relating to instances of such cooperation; and
 - (b) Use each organization's name and emblem in documentation related to the cooperation in accordance with the current policies of each organization and subject to prior written agreement of each party.

K. Term and Review

26. This MOU will take effect from the date on which it is signed by the authorized representatives of the two organizations.
27. This MOU will have effect for five years from date of signature and may be extended by the two organizations by mutual agreement in writing.
28. This MOU may be terminated by either organization by giving six months notice in writing to the other.
29. The designated focal points at headquarters will undertake an overall review of the implementation and continued value of this MOU, in collaboration with relevant departments and offices, to be completed not later than the end of the fourth year of it coming into effect. This overall review is to take into account conclusions of the independent review of development results and impacts of cooperation (referred to in paragraph 24 above) and provide an input in the consideration of any possible extension of this MOU.

L. Resolution of Problems

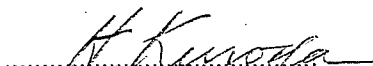
30. During the term of this MOU, the focal points at headquarters will be promptly notified of all problems that impact adversely on the potential of the two organizations to collaborate effectively. The focal points at headquarters will take appropriate action to seek an amicable resolution in those cases where these are not resolved at the country level by country-level focal points.
31. If the focal points at headquarters are unable to resolve the problem to the satisfaction of both organizations, the representatives of the two organizations who are signatory to this MOU will take whatever action they consider appropriate to achieve an amicable resolution.

M. Miscellaneous


32. Any specific cooperation identified under this MOU as opportunities for collaboration between the two organizations will be the subject of additional written agreements entered into in accordance with the practices and procedures of the two organizations.
33. In keeping with the administrative nature of these arrangements, no provision of this MOU will be construed to interfere in any way with the independent decision-making autonomy of the two organizations with regard to their respective affairs and operations.
34. This MOU supersedes and replaces in its entirety the *Memorandum of Understanding between the United Nations Development Programme and the Asian Development Bank* signed on 9 May 2001.

DATED this 23rd of July 2007

ASIAN DEVELOPMENT BANK


.....
Haruhiko Kuroda
President

UNITED NATIONS DEVELOPMENT PROGRAMME


.....
Kemal Derviş
Administrator

**ADB-UNDP COOPERATION
TO START IN 2007**

Focus and selectivity

1. Both ADB and UNDP have to be selective in their programming. In 2007, ADB and UNDP will focus pro-active ADB-UNDP cooperation in a selected number of sectors and countries where the two partners have recognized complimentary strengths and where there is potential to achieve significant value-added results and/or efficiencies in program/project delivery with such cooperation.
2. Cooperation will be considered in other sectors and in other countries on an opportunistic basis where there are significant benefits with such cooperation and the overhead costs of administration and planning are minimal.

Weakly performing and failed states

3. UNDP has recognized experience in addressing the needs of weakly performing states. ADB has new ADF-IX¹ grant resources and technical competence to address some of these needs in appropriate circumstances. In 2007, ADB and UNDP will review and identify areas of potential ADB-UNDP cooperation in mutually-agreed weakly performing states in Asia and the Pacific, including Central Asia and the Caucasus.

Post-conflict and disaster rehabilitation and reconstruction needs

4. ADB and UNDP have built up valuable experience in addressing post conflict and/or post-disaster rehabilitation and reconstruction needs in Afghanistan, Cambodia, India, Maldives, Pakistan, the Philippines, Solomon Islands, Sri Lanka, Tajikistan, Thailand and Timor-Leste. In 2007, ADB and UNDP will:
 - (a) Review, independently or jointly as may be appropriate in the specific circumstances, the lessons learned in addressing post conflict and post disaster rehabilitation and reconstruction needs and will share the results of such reviews and the lessons-learned;
 - (b) Where feasible, implement cooperation in the post-conflict rehabilitation and reconstruction; and
 - (c) Cooperate in further developing and using the UNDP data-base for monitoring post-disaster rehabilitation and reconstruction activities at the country level in **Indonesia, Maldives, Sri Lanka and Thailand.**

¹ The Asian Development Fund (ADF) is ADB's concessional lending window for its eligible Developing Member Countries (DMCs). ADF-IX refers to the Eighth Replenishment of ADF in 2004 at which ADF donors agreed that up to 21% of ADF-IX resources could be used for 100% grant financing for certain designated DMCs and purposes.

Sector and thematic cooperation

5. ADB and UNDP have a common interest in and have set certain sectors and thematic areas as priorities. In 2007, ADB and UNDP will review the potential for, and where feasible, implement cooperation in capacity-building and national policy development in selected common priority areas including:
 - (a) **Good governance (including anti-corruption);**
 - (b) **Civil society participation in development;** and
 - (c) **Gender and development.**

Country-specific cooperation

6. Both ADB and UNDP have country-based programming as well as offices located in most developing countries in the Asia and the Pacific. In 2007 ADB and UNDP will:
 - (a) Complete a summary review of their respective country strategies in developing countries to identify where they share common interests with complimentary activities; and
 - (b) Designate a selected number of these countries for further proactive cooperation at the country level.
7. Pending completion of this summary review, in 2007 ADB and UNDP will:
 - (a) Continue proactive cooperation in four pilot countries (**Cambodia, Lao PDR, Papua New Guinea** and the **Philippines**); and
 - (b) Explore the potential for, and where feasible implement, proactive cooperation in additional countries.
8. In 2007 ADB will explore the scope for cooperation with UNDP in implementing provision of **MDG support services (MSS)**² in support of MDG-based national development strategies in the five pilot countries of the UNDP for MSS in the Asia and Pacific region (**Afghanistan, Cambodia, Lao PDR, Mongolia, and Pakistan**).

Sub-regional cooperation

9. Based on their experience to date in sub-regional cooperation in Central Asia and the Caucasus and in the Pacific sub-regions, in 2007 ADB and UNDP will:
 - (a) Review the potential for and, where feasible, implement further sub-regional cooperation in Central Asia and the Caucasus with support to **Central Asia Regional Economic Cooperation (CAREC)**; and

² UNDP's MSS is similar to ADB's *Country Partnership Strategy (CPS)* and covers the package of assistance to developing countries in support of UNDP's Strategy for that country.

- (b) Review the potential for and, where feasible, implement further sub-regional cooperation for the Pacific Island developing countries with support to the **Core Regional Organizations for the Pacific (CROP)**.

Knowledge management cooperation

10. Both ADB and UNDP have stressed the importance of knowledge management within their organizations and for sustainable development. In 2007, ADB and UNDP will complete a review of the potential and, where feasible, implement sector-based **knowledge-sharing cooperation** including links between the **UNDP Regional Centres** and the **ADB regional knowledge hubs**.

First periodic ADB-UNDP Consultation under the new ADB-UNDP MOU

11. ADB and UNDP will launch the cooperation to be started in 2007 under the framework of the MOU, at **a first consultation to be held in early 2007**, led by the focal points designated in paragraph 18 of the MOU.

ADMINISTRATIVE ARRANGEMENTS³
FOR ADB-UNDP PROJECT COOPERATION

It is advantageous for ADB and UNDP to work together in support of a project⁴ where there are value-added program benefits and/or significant administrative efficiencies to be realized from such project cooperation.

The choice of the most appropriate modality for project cooperation and implementation⁵ will be determined by the specific circumstances and benefits possible in the particular case.

It is mutually advantageous to use agreed standard administrative arrangements unless special circumstances require other specific arrangements to be negotiated on a case-by-case basis.

ADB and UNDP will use standard administrative arrangements for project cooperation and implementation for modalities as detailed in the applicable section below, including:

SECTION A: Where UNDP transfers funds to ADB.

SECTION B: Where ADB transfers funds to UNDP.

SECTION C: Where ADB and UNDP use parallel financing arrangements.

Administrative arrangements for project cooperation using other modalities will be negotiated on a case-by-case basis.

³ The term "administrative arrangements" refers to regulations, rules and procedures to be used for implementation of a project with respect to: access to information, disclosure and confidentiality policies; application of safeguard policies; audit and anti-corruption requirements; financial management requirements; procurement of goods and services (including selection of consultants); project management responsibilities and account abilities; and public recognition of support.

⁴ In this Appendix, "ADB project" refers to a project (including technical assistance) approved and funded by ADB where ADB transfers funds to UNDP for activities to be implemented by UNDP. "UNDP project" (internally referred to by UNDP as a "Cost Sharing Project") refers to a program or project approved and funded by UNDP including resources channeled from ADB to UNDP and/or where ADB serves as the implementing partner for UNDP. For purposes of this Appendix both "ADB project" and "UNDP project" are referred to as the "project".

⁵ In accordance with the financial regulations and rules of UNDP, "Implementation" and "Implementing partner" refers to UNDP programme activities carried out under the harmonized operational modalities and "Execution" and "Executing Entity" refers to UNDP programme activities not carried out under the harmonized operational modalities.

SECTION A: COOPERATION WITH ADB AS AN IMPLEMENTING PARTNER FOR UNDP

1. Where ADB is an implementing partner for UNDP for implementation of a project using UNDP funds transferred to ADB, the administrative arrangements for project implementation and management agreed by ADB and UNDP in the *Agreement between the United Nations Development Programme and the Asian Development Bank* signed on 26 May 1988 shall apply.
2. Where ADB serves as an implementing partner for UNDP:
 - (a) In the procurement of equipment, goods and services including consultant selection, ADB will use the *ADB Procurement Guidelines* (April 2006, as amended from time to time) and/or *ADB Guidelines on the Use of Consultants* (April 2006, as amended from time to time) as applicable for the procurement of equipment, goods and/or services. ADB will consult in advance with UNDP if in any particular circumstances ADB wishes to deviate from these guidelines.
 - (b) Within the total amount transferred by UNDP to ADB for the project, seven percent (7%) of the total funds transferred by UNDP to ADB shall be allocated to ADB for ADB to use to cover ADB administrative overhead costs . Project costs incurred by ADB related to the specific activities to be financed by funds transferred by UNDP to ADB will be allocated from within the funds transferred by UNDP to ADB and be additional to the funds provided for the administrative overhead costs.
 - (c) In reporting on use of payments received from UNDP that involve foreign exchange transactions, ADB will use ADB's standard foreign exchange accounting procedures and will advise UNDP of the procedures used as may be required by UNDP.
 - (d) ADB will maintain accounts, records and supporting documentation in accord with standard ADB procedures and format. Generally accepted accounting standards shall be applied to accounting records and annual financial statements.
 - (e) ADB will provide UNDP with periodic reports not less than once per year in standard ADB format and frequency. If requested by UNDP, ADB will provide UNDP with supplementary information in specific cases where UNDP needs such information.

SECTION B: COOPERATION WITH FUNDS TRANSFERRED BY ADB TO UNDP

3. Administrative arrangement

An administrative arrangement will be signed for each project where ADB transfers funds to UNDP to implement a project. This document shall include the administrative arrangements to be used by UNDP in administering funds transferred by ADB to UNDP in accordance with the standard approaches and procedures detailed below, unless otherwise agreed by ADB and UNDP in special circumstances on a case-by-case basis. A standard template for the administrative arrangement will be used by ADB and UNDP.

4. Organizational responsibilities

The administrative arrangement for the project shall clearly specify that:

- (a) UNDP shall be responsible for the project, using funds that are transferred by ADB to UNDP for the project; and
- (b) UNDP shall be responsible to ADB for the proper use of funds transferred by ADB to UNDP, including use for the specific country and purposes for which these funds are approved by ADB.

5. Establishment of an advisory committee

To facilitate management and oversight of the project:

- (a) A committee shall be established for each project (or for a group of similar projects in a country) where funds are transferred by ADB to UNDP. This committee shall include UNDP and a representative from ADB and other stakeholders. Where an advisory or a steering committee is already established for the project, such a committee may be used for this purpose, providing ADB can fully participate; and
- (b) The committee shall be advisory with a mandate to include monitoring progress and providing advice to the responsible UNDP project manager concerning management and implementation of the project.

6. Status reports on project implementation

The applicable UNDP Country Office (or relevant unit at UNDP headquarters or UNDP regional office in the case of regional projects) shall provide ADB with semi-annual status reports on progress in implementation of the project as well as the latest approved budget for the project with the progress reports to be in the standard format for UNDP progress reports, unless otherwise agreed by ADB and UNDP. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of ADB. The specific nature and frequency of this reporting shall be specified in the administrative arrangement.

7. General management and other support costs

(a) Within the total amount transferred by ADB to UNDP for the project, seven percent (7%) of the total funds to be transferred by ADB to UNDP shall be allocated to UNDP to use to cover UNDP general management support costs (as defined by UNDP).

(b) Other implementation support services costs (as defined by UNDP) incurred by UNDP related to the specific activities to be financed by funds transferred by ADB to UNDP may be included as line items in the budget for utilization of such funds with these costs additional to the funds provided for the general management support costs.

8. Currency for payments, accounts and expenditure

(a) All payments by ADB to UNDP, and all financial accounts and statements submitted by UNDP to ADB shall be expressed in United States Dollars.

(b) The value of 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, appropriately documented by UNDP.

9. Advances, installments and/or other periodic payments

(a) Funds to be transferred by ADB to UNDP shall be paid in semi-annual installments in advance of the implementation of planned activities with the amount of the installment based on the commitments and liabilities that UNDP estimates it will make during the next semi-annual period, unless otherwise agreed by ADB and UNDP.

(b) Except for the first installment, subsequent installments will be transferred by ADB to UNDP on receipt by ADB of a statement of expenditure from the UNDP to liquidate the drawdown of the previous installment. The statement of expenditure will be in the standard UNDP format for statements of expenditure with reasonable supplementary information provided by UNDP if needed and requested by ADB.

10. Annual and final financial statements

(a) UNDP shall provide ADB an annual financial statement as of 31 December each year, certified by the UNDP Comptroller, and on use of the funds transferred by ADB to UNDP during the previous year, not later than 30 June the following year.

(b) The United Nations System of Accounting Standards shall be applied to accounting records and annual financial statements.

- (c) After completion and financial closing of the project, UNDP shall provide ADB, not later than 30 June of the year following the financial closing, a final financial statement, certified by the UNDP Comptroller, on the use of the funds transferred by ADB to UNDP.

11. Format of financial statements and reports

All financial statements as well as other financial reports and statements of expenditure related to funds transferred by ADB to UNDP will be provided by the UNDP in the standard UNDP formats.

12. Use of interest income

Unless otherwise agreed by ADB, any interest income attributable to funds transferred by ADB to UNDP shall be returned to ADB for what is internally referred to by UNDP as a "Cost Sharing Project."

13. Ownership and disposition of equipment

- (a) Ownership of equipment, supplies and other properties purchased by UNDP with funds transferred by ADB to UNDP shall vest in UNDP. Matters related to transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.
- (b) On completion of the project, all equipment, goods, supplies and/or properties purchased by UNDP with funds transferred by ADB to UNDP shall be transferred to the beneficiary developing country in accordance with relevant policies and procedures of UNDP, unless otherwise agreed by ADB.

14. Project completion

- (a) UNDP shall notify ADB when all activities relating to the project implemented by UNDP using funds transferred by ADB to UNDP have been completed.
- (b) UNDP shall prepare and submit to ADB a project completion report in the standard UNDP format on completion of the project including supplementary information that ADB may require for preparing its *Technical Assistance/Project Completion Report* on use of funds transferred by ADB to UNDP.
- (c) Notwithstanding the completion of the project, UNDP shall continue to hold unutilized funds that have been transferred by ADB to UNDP for the project until all eligible expenditures incurred prior to completion of the project have been paid and activities brought to an orderly conclusion.

15. Pre-termination

- (a) ADB and UNDP shall consult between themselves and with the authorities in the beneficiary developing country prior to pre-termination of the project by either organization.

- (b) Either organization may pre-terminate the administrative arrangement which shall cease to be in force thirty (30) days after either organization has given notice in writing to the other organization of its decision to terminate the administrative arrangement.
- (c) In the event of pre-termination, UNDP will provide to ADB a statement of expenditure for all unliquidated expenses.
- (d) In the event of pre-termination, ADB and UNDP shall consult with each other about the appropriate steps to be taken and/or any further actions which may be necessary to take with respect to the project, including settlement of any outstanding commitments and liabilities.

16. Disposition of unexpended funds after completion or pre-termination

When the project is completed or in the event that the administrative arrangement is pre-terminated, any funds that have been transferred by ADB to UNDP for the project and any interest income attributable to funds transferred by ADB to UNDP shall be returned to ADB after all eligible expenditures incurred prior to the completion of the project or pre-termination of the administrative arrangement, as the case may be, have been paid, unless otherwise agreed by ADB.

17. Internal and external audit

- (a) The use of ADB funds transferred by ADB to UNDP for implementation of the project by UNDP shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.
- (b) Should the *Biennial Audit Report of the Board of Auditors of UNDP* to its governing body contain observations concerning the project and/or related financial management of funds transferred by ADB to UNDP for this purpose, such information shall be made available to ADB.
- (c) If information about the expenditure of funds transferred by ADB to UNDP is requested by ADB for conduct of ADB internal and external audits related to transfer of funds by ADB to UNDP for the project concerned, UNDP shall provide the information as reasonably requested to the ADB.

18. Anti-corruption procedures and investigations

- (a) ADB and UNDP agree that it is essential to take all necessary precautions to avoid fraudulent and corrupt practices and conflicts of interest. To this end, in implementing the project using funds transferred by ADB to UNDP, UNDP shall maintain standards of conduct that govern the performance of its staff, including the prohibition 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 *UNDP Financial Regulations and Rules* and the *UNDP Procurement User Guide*.

- (b) ADB and UNDP will consult with each other in respect of any matter that may arise from or in connection to fraudulent and corrupt practices and conflicts of interest with respect to the project.
- (c) All allegations of corruption shall be investigated promptly and, where confirmed, appropriate follow-up action shall be initiated without delay by ADB in accordance with applicable ADB policies, procedures and guidelines where such allegations involve ADB staff and/or activities and by UNDP in accordance with applicable UNDP policies, regulations and rules where such allegations involve UNDP staff and/or activities.

19. Application of access to information and disclosure procedures

- (a) ADB and UNDP recognize the importance of disclosure of information to the public. Both organizations have adopted access to information and disclosure policies based on the presumption of public disclosure of information and documentation generated by them, subject to specific exceptions, including, in both cases, a specific exception for information provided by one international organization to another international organization.
- (b) Access to and disclosure of documents and information generated and retained by ADB with respect to the project shall be governed by the *ADB Public Communications Policy* (2005).
- (c) Access to and disclosure of documents and information generated and maintained by UNDP with respect to the project shall be governed by the *UNDP Information Disclosure Policy* and the *UNDP Publications Policy*.
- (d) In cases involving documents, prepared with contributions of ADB and UNDP, the two organizations will consult and decide on a case-by-case basis on the disclosure of such documents.
- (e) ADB and UNDP will consult with each other in advance and prior to release of documents and/or information to ensure that release of such documentation and information is coordinated and does not contravene the access to information and disclosure policy of either organization.

20. Confidentiality of information

- (a) All electronic, oral, printed and/or written information designated as confidential and furnished by one of the two organizations to the other and/or obtained as a result of the activities related to the project shall be treated as confidential. Such confidential information shall not be disclosed without the prior knowledge and consent of the other organization, except where such disclosure is required by law, subject to the privileges and immunities of ADB and of the United Nations, including the UNDP, as may be applicable.
- (b) Consent to discuss and/or disclose such confidential information obtained as a result of activities carried out under the administrative arrangement shall not be unreasonably withheld.

21. Application of safeguard policies

- (a) Prior to approval of an ADB project that includes transfer of funds by ADB to UNDP for a project, ADB's safeguard policies, including *Environment Policy of the Asian Development Bank* (2002), *The Bank's Policy on Indigenous Peoples* (1998), and *Involuntary Resettlement* (1995) shall apply.
- (b) In cases where there are no consequential safeguard procedures or actions specifically required by ADB, UNDP shall implement the project using funds transferred by ADB to UNDP in accordance with applicable UNDP safeguard policies.
- (c) In cases where there are consequential safeguard procedures or actions specifically required by ADB, ADB and UNDP shall consult and decide on how these requirements will be met and assured by UNDP in implementation of the project.

22. Procurement of equipment, goods and services - Eligible countries

- (a) ADB and UNDP recognize the importance and value of international competition in procurement of goods, equipment and services, to the extent this is consistent with the country eligibilities set out in their respective statutory instruments for procurement of goods, equipment and services.
- (b) Funds transferred by ADB to UNDP shall be used for procurement of equipment, goods and services from eligible ADB member countries only, unless otherwise approved by the required ADB and UNDP authorities on a case-by-case basis.

23. Procurement of equipment, goods and services - Competitive selection

- (a) To the extent consistent with the criteria of country eligibility for procurement of equipment, goods and services noted in paragraph 22(b) above, ADB and UNDP support the principle of the widest possible open and competitive selection in procurement of goods, equipment and services to ensure value for money and as a precaution against corrupt practices.
- (b) All procurement of goods, equipment and services using funds transferred by ADB to UNDP for the project shall be by open and competitive selection processes within the country eligibility set out in paragraph 22(b) above, unless otherwise approved in advance by the required ADB and UNDP authorities on a case-by-case basis.

24. Procurement of equipment, goods and services - Documentation and other procedures

Subject to compliance with the country eligibility noted in paragraph 22(b) above and to open and competitive selection noted in paragraph 23(b) above, all procurement of goods, equipment and services using funds transferred by ADB to UNDP for the project shall be carried out using and in accordance with UNDP policies, procedures and documentation for the procurement of goods, equipment and services as set out in the *UNDP Procurement User Guide*.

25. Recognition of ADB financial support

UNDP will make best efforts to include in its public documentation pertaining to the project for which ADB transfers funds to UNDP, a public acknowledgement of ADB financial support for the project.

SECTION C: COOPERATION WITH PARALLEL-FINANCING ARRANGEMENTS

26. For ADB components of a parallel-financed project

ADB will use standard ADB administrative arrangements for implementation of components of the project financed by ADB and implemented by ADB, unless otherwise agreed by ADB in cases where ADB and UNDP agree to harmonize certain procedures for the benefit of the developing country authorities and/or executing agencies.

27. For UNDP components of a parallel financed project

UNDP will use standard UNDP administrative arrangements for implementation of components of the project financed by UNDP and implemented by UNDP, unless otherwise agreed by UNDP in cases where ADB and UNDP agree to harmonize certain procedures for the benefit of the developing country authorities and/or executing agencies.

28. Harmonization

ADB and UNDP will make best efforts on a case-by-case basis to harmonize their administrative arrangements for implementation of parallel-financed activities.

29. Exchange of information

ADB and UNDP will keep each other fully informed about progress in implementing the components for which they each provide financial support in the implementation of parallel-financed activities.



25 June 2001

Dear Colleagues and Friends,

Subject: ADB-UNDP Strategic Partnership: Memorandum of Understanding

We are pleased to send herewith the Memorandum of Understanding (MOU) between ADB and UNDP signed in Honolulu on 9 May 2001. This MOU signifies the strong sense of commitment of both organizations to enhance partnership, firmly anchored on poverty reduction as our common overarching goal.

While poverty reduction will be the principal thematic area of cooperation, we have also chosen governance, private sector development, information and communications technology, environment, gender and development, and indigenous peoples as the priority areas of our cooperation.

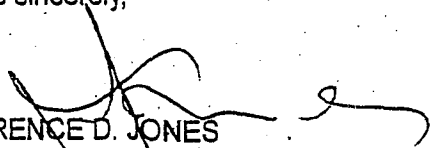
As points of contact for implementing the MOU, we will soon be sharing with all concerned Bank and UNDP staff the action plan and guidelines for implementation of the arrangements for cooperation and collaboration specified therein. An annual consultation meeting between our two organizations to review the progress of implementation of the MOU would be one important feature of our enhanced partnership.

Potential partnership initiatives in the poverty and other priority thematic areas have been initially identified. We are now working on finalizing a draft Action Plan for developing and implementing those initiatives. We will send you the draft for review and comments to ensure that on-going cooperation in your respective countries and new initiatives that you may wish to pursue within the framework of the MOU are duly reflected in the Action Plan.

We seek your kind cooperation and support in moving our strategic partnership forward for the benefit of our common clients.

Yours sincerely,


SHOJI NISHIMOTO
Director
Strategy and Policy Department
Asian Development Bank


TERENCE D. JONES
Resident Representative
Philippines Country Office
United Nations Development
Programme

