

**MICRO-CAPITAL GRANT AGREEMENT BETWEEN UNDP
AND
PACT INSTITUTE
FOR THE PROVISION OF GRANT FUNDS
Project Number: 00078446 (UN-REDD)**

This Micro-Capital Agreement (hereinafter referred to as the "Agreement") made between the United Nation Development Programme "UNDP" and the Pact Institute (Pact) hereinafter referred to as the "RECIPIENT INSTITUTION".

WHEREAS Forestry Administration (hereinafter referred to as "the Implementing Partner") has been requested by the United Nations Development Programme ("UNDP") to manage the project defined in project document, No. 00078446, UN-REDD (hereinafter referred to as "the Project"), implemented at the request of the Government of Cambodia

WHEREAS the Implementing Partner and UNDP desire to provide funding to the **RECIPIENT INSTITUTION** in the context of a Project and on the terms and conditions hereinafter set forth, and

WHEREAS the **RECIPIENT INSTITUTION** is ready and willing to accept such funds from the Implementing Partner and UNDP through the administration of UNDP for the above mentioned activities on the said terms and conditions.

NOW, therefore, the parties hereto agree as follows:

I. Responsibilities of the RECIPIENT INSTITUTION

1.1 The RECIPIENT INSTITUTION agrees to: 1) Undertake the activities described in its **Workplan** and **Budget** (attached as Annex A), and updates related to the subsequent release of funds in **tranches**; 2) Provide quarterly reports to UNDP; and 3) Provide Annual Audited Statements [Income Statement and Balance Sheets]. In projects where a technical contractor is providing assistance to the RECIPIENT INSTITUTION, the contractor shall be responsible for verifying the accuracy of these reports/statements. Funds provided pursuant to this Agreement shall be used for purposes related to producing results specified in its annual performance targets (Annex A).

1.2 The RECIPIENT INSTITUTION agrees to reach the performance targets contained in Annex A. If the RECIPIENT INSTITUTION fails to meet its responsibilities outlined in article 1.1, then this will be considered grounds for UNDP to suspend any further micro-capital grant support. The suspension shall remain in effect until the RECIPIENT INSTITUTION has achieved the target. In projects with a technical assistance contractor, the contractor may, at its discretion, continue to provide technical assistance to the RECIPIENT INSTITUTION during this suspension period.

1.3 The RECIPIENT INSTITUTION agrees to inform UNDP about any problems it may face in attaining the objectives agreed upon.

II. Duration

2.1 This Agreement will come into effect on **12 December 2011** and shall expire on **31 October 2012**, covering the anticipated term of the project. It can be extended, if necessary by exchange of letters, noting the new expiration date.

III. Payments

3.1 UNDP shall provide funds to the RECIPIENT INSTITUTION in an amount up to USD **150,000 (One Hundred Fifty Thousand US dollars only)** according to the schedule of the project budget set out below. Payments are subject to the **RECIPIENT INSTITUTION** meeting the outputs as specified in the project document (Annex A).

Tranche 1: \$50,000 or about 33% of grant upon signature of this agreement.

Tranche 2: \$75,000 or about 50% of grant upon completion and submission of a narrative report covering the completion of first 5 months of activities and a breakdown of funds spent to date by June 30, 2012. Activities include:

- Documents submitted for project validation
- Delivery of report and capacity building to RGC on constraints of REDD+ contracts under Cambodian law
- Secondment of staff into FA to support administration and communication
- Household survey datasheet
- Satellite images
- Mobile enforcement unit ToR and membership list
- Field report from CFN on dispute resolution

Tranche 3: \$25,000 or 16.7% of grant—upon delivery of final report describing all activities completed – report should include:

- Specific outputs annexed to the document.
- Biomass inventory datasheet
- Training materials on community based MRV systems in English
- Quarterly Newsletters
- Three lesson learned / policy briefs in English

3.2 All payments shall be deposited into the **RECIPIENT INSTITUTION's** bank account of which the details are as follows:

NAME OF THE BANK:	Wells Fargo Bank
SWIFT CODE:	WFBIUS6S
BANK ABA:	121000248
BENEFICIARY ACCOUNT NAME:	Pact Institute
BENEFICIARY ACCOUNT NUMBER:	2000002728388
ADDRESS OF THE BANK:	1850 M Street, NW, Washington, DC 20036

3.3 The amount of payment of such funds is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by the **RECIPIENT INSTITUTION** in the performance of the activities under this Agreement.

IV. Records, Information and Reports

4.1 The **RECIPIENT INSTITUTION** shall maintain clear, accurate and complete records in respect of the funds received under this Agreement.

4.2 The **RECIPIENT INSTITUTION** shall furnish, compile and make available at all times to the implementing Partner and UNDP any records or information, oral or written, which UNDP may reasonably request in respect of the funds received by the **RECIPIENT INSTITUTION**.

4.3 Within 60 days after completion of project activities, the **RECIPIENT INSTITUTION** shall provide the Implementing Partner and UNDP with a final report with respect to all expenditures made from such funds (including salaries, travel and supplies) and indicating the progress made toward the goals of the activities undertaken, utilizing the reporting format contained in Annex B.

4.4 All further correspondence regarding the implementation of this Agreement should be addressed to:

For UNDP:

Mr. Lay Khim, Assistant Country Director, UNDP Environment and Energy Cluster

No. 53, Pasteur Street, Boeung Keng Kang, P.O.Box 877, Phnom Penh, Cambodia.

For the **RECIPIENT INSTITUTION**:

Mr. Eric Bergthold, Country Director, Pact Institute Cambodia
Phnom Penh Center, Building A, Corner Sihanouk (274) & Sothearos (3) Blvd., Tonle Bassac
Chamkar Morn, Phnom Penh, Cambodia (P.O. box 149)

V. General Provisions

5.1 This Agreement and the Annexes attached hereto shall form the entire Agreement between the **RECIPIENT INSTITUTION** and **UNDP**, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Agreement.

5.2 The **RECIPIENT INSTITUTION** shall carry out all activities described in its Workplan with due diligence and efficiency. Subject to the express terms of this Agreement, it is understood that the **RECIPIENT INSTITUTION** shall have exclusive control over the administration and implementation of the activities referred to above in paragraph 1.1 and that the Implementing Partner and **UNDP** shall not interfere in the exercise of such control. However, both the qualities of work and the progress being made toward successfully achieving the goals of such activities shall be subject to review by **UNDP**. If at any time **UNDP** is not satisfied with the quality of work or the progress being made toward achieving such goals, **UNDP** may (i) withhold payment of funds until in its opinion the situation has been corrected; or (ii) declare this Agreement terminated by written notice to the **RECIPIENT INSTITUTION** as described in paragraph 5.7 below; and/or seek any other remedy as may be necessary. **UNDP's** determination as to the quality of work being performed and the progress being made toward such goals shall be final and shall be binding and conclusive upon the **RECIPIENT INSTITUTION** insofar as further payments are concerned.

5.3 **UNDP** undertakes no responsibilities in respect of life, health, accident, travel or any other insurance coverage for any person which may be necessary or desirable for the purpose of this Agreement or for any personnel undertaking activities under this Agreement. Such responsibilities shall be borne by the **RECIPIENT INSTITUTION**.

5.4 The rights and obligations of the **RECIPIENT INSTITUTION** are limited to the terms and conditions of this Agreement. Accordingly, the **RECIPIENT INSTITUTION** and personnel performing services on its behalf shall not be entitled to any benefit, payment, compensation or entitlement except as expressly provided in this Agreement.

5.5 The **RECIPIENT INSTITUTION** shall be solely liable for claims by third parties arising from the **RECIPIENT INSTITUTION's** acts or omissions in the course of performing this Agreement and under no circumstances shall **UNDP** be held liable for such claims by third parties.

5.6 Assets (Equipment) supplied by **UNDP** funds to the **RECIPIENT INSTITUTION** shall be the property of **UNDP** until the end of the project, at which time **UNDP** shall determine the best use of these assets. In cases where the **RECIPIENT INSTITUTION** has met its responsibilities under this agreement, and handover of the asset would contribute to the sustainability of activities, **UNDP** would normally handover these assets to the **RECIPIENT INSTITUTION**. The assets shall be used for the purpose indicated in the Workplan throughout the period of this Agreement.

5.7 This Agreement may be terminated by either party before completion of the Agreement by giving thirty (30) days written notice to the other party, and the **RECIPIENT INSTITUTION** shall promptly return any unutilized funds to **UNDP** as per paragraph 5.6 above.

5.8 The **RECIPIENT INSTITUTION** acknowledges that **UNDP** and its representatives have made no actual or implied promise of funding except for the amounts specified by this particular tranche Agreement. Although project related documents may indicate a total amount of funds that could be available for this **RECIPIENT INSTITUTION**, actual disbursements will be based upon the **RECIPIENT INSTITUTION** meeting performance targets. If any of the funds are returned to **UNDP** or if this

Agreement is rescinded, the **RECIPIENT INSTITUTION** acknowledges that UNDP will have no further obligation to the **RECIPIENT INSTITUTION** as a result of such return or rescission.

5.9 No modification of or change to this Agreement, waiver of any of its provisions or additional contractual provisions shall be valid or enforceable unless previously approved in writing by the parties to this Agreement or their duly authorized representatives in the form of an amendment to this Agreement duly signed by the parties hereto.

5.10 Any controversy or claim arising out of, or in accordance with this Agreement or any breach thereof, shall unless it is settled by direct negotiation, be settled in accordance with the UNCITRAL Arbitration Rules as at present in force. Where, in the course of such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force.

The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.

5.11 Nothing in or relating to this Agreement shall be deemed a waiver of any privileges and immunities of the United Nations, or UNDP.

IN WITNESS WHEREOF, the undersigned, duly appointed representatives of **UNDP** and the **RECIPIENT INSTITUTION**, respectively, have on behalf of **UNDP** and the **RECIPIENT INSTITUTION** signed the present Memorandum of Agreement on the dates indicated below their respective signatures.

On behalf of UNDP:

Name: **Ms. Elena Tischenko**

Country Director, UNDP Cambodia

Date: 12/12/2011

On behalf of the RECIPIENT INSTITUTION:

Name: **Mr. Kurt Macleod**

Vice President Asia and Eurasia, Pact

Date: 12 Dec 2011

Annex A: Project proposal and Budget

Annex B

MODEL UNDP EXPENDITURE REPORT

Period _____

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES <i>List all activities to be undertaken during the year towards stated outputs</i>	Planned Budget		Payments and Expenditures		
		Budget Description	Amount	Payments received	Expenditures	Balance
		Total				