

**GRANT ARRANGEMENT
BETWEEN
THE MINISTRY OF ENVIRONMENT OF THE REPUBLIC OF
KOREA AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME
ON “Enhancing Integrated Water Management and Climate
Resilience in Vulnerable Urban Areas of the Mekong River Basin”**

This Grant Arrangement (hereinafter referred to as the “**Arrangement**”) is entered into by the Korean Ministry of Environment (hereinafter referred to as the “**MOE**”) and the United Nations Development Programme (hereinafter referred to as “**UNDP**”, and each MOE and UNDP individually, hereinafter referred to as a “**Side**” and together as the “**Sides**”).

WHEREAS the Sides recognize that this Arrangement is in line with the “Partnership Framework Agreement between the Government of the Republic of Korea and the United Nations Development Programme” signed on 25 April 2006 (hereinafter referred to as the “**Framework Agreement**”);

WHEREAS UNDP serves in many respects as the operational arm of the United Nations at the country level and works with partners in numerous countries to promote sustainable development, eradication of poverty, advancement of women, crisis prevention and recovery, good governance and the rule of law through the “Enhancing Integrated Water Management and Climate Resilience in Vulnerable Urban Areas of the Mekong River Basin (hereinafter referred to as the “**Project**”) in Cambodia and Lao PDR as described in the Project Document attached hereto as Annex I;

WHEREAS MOE, a government ministry that has been devoted to conservation and protection of nature and integrated water resources management of the Republic of Korea, desires to strengthen its cooperation with UNDP by making funds available to UNDP for the implementation of the Project to contribute to poverty reduction and sustainable development in the developing countries;

NOW THEREFORE, the Sides have reached the following understanding:

**PARAGRAPH 1.
OBJECTIVES AND SCOPE**

1. The objective of this Arrangement is to (i) establish a framework of cooperation and facilitate collaboration between the Sides with respect to the Project and (ii) record MOE’s agreement to provide financial assistance to UNDP in the form of a Contribution (as defined below) to support the Project.

2. The main objective of the Project is to strengthen the climate and disaster resilience of the people and communities in vulnerable regions of Las PDR and Cambodia through improved risk and vulnerability assessment and advancing an integrated approach to water resources management.
3. The duration of the Project will be from the date on *which* this Arrangement is signed until the end of the Project on the *September 24, 2025*.

PARAGRAPH 2.
FUNDING AND MANAGEMENT OF CONTRIBUTION

1. MOE will endeavour to provide financial support in the amount of four million two hundred eighty-six thousand and seven hundred thirty and eighty-five cents United States Dollars (USD 4,286,730.85) which, on 1 September 2021, is equivalent of *five billion* Korean Won (KRW 5,000,000,000) at 1166.39 USD/KRW per the UN Operational Rates of Exchange (UNORE), to UNDP including both Project budget and the coordination levy. This rate is provided only for indicative and estimate purposes. The Parties acknowledge and agree that the applicable UNORE will be notified by UNDP to MOE in writing the business day before the business day in which each payment is made by the Donor. Furthermore, *in-kind contribution*, which will be made by the Asian Water Council (the "AWC") through the dispatch of in-house experts for the Project, from 2022 to 2025, subject to annual budgetary appropriations. The Project Budget for this arrangement is four million two hundred eighty-six thousand and seven hundred thirty and eighty-five cents United States Dollars (USD 4,286,730.85) (hereinafter referred to as the "**Contribution**") while in-kind contribution approximately amounting two million United States Dollars (USD 2,000,000) will be made by the AWC. The coordination levy for this arrangement is forty-two thousand and four hundred thirty-eight with sixty-four United States Dollar (USD 42,438.64).
2. The Contribution is intended to cover the direct costs, linked to the project implementation and incurred by UNDP and/or an executing entity or implementing partner; and variable indirect cost incurred by UNDP headquarters and country offices structures through a General Management Support services fee ("GMS").
3. Pursuant to paragraph 10(a) of United Nations General Assembly Resolution 72/279 of 31 May 2018, MOE, consents to an amount corresponding to one percent (1%) of the contribution to UNDP being paid to fund the United Nations Resident Coordinator System. This amount (hereinafter referred to as the "coordination levy") will be held in trust by UNDP until transfer to the United Nations Secretariat for deposit into the United Nations Special Purpose Trust Fund for the reinvigorated Resident Coordinator system, which has been established to fund the UN Resident Coordinator System and is managed by the United Nations Secretariat.
4. MOE, acknowledges that once the coordination levy has been transferred by the UNDP to the United Nations Secretariat, the UNDP is not responsible for the use of the coordination levy and does not assume any liability. The fiduciary responsibility lies with the United Nations Secretariat as the manager of the Resident Coordinator system.

5. The coordination levy does not form part of the UNDP cost recovery and is additional to the costs of UNDP to implement the activities covered by the Contribution. Accordingly, there is normally no obligation for UNDP to refund the levy, in part or in full, even where the activities covered by the Contribution are not carried out in full by UNDP. As deemed necessary by MOE – and especially where the scale of the resources concerned or reputational risk justify the refund transaction costs – MOE may submit a request for refund to the United Nations Secretariat directly or through UNDP. The responsibility to refund the levy lies with the United Nations Secretariat, and not with UNDP.
6. MOE and UNDP agree that if certain contribution is exempted from the coordination levy, the above-referenced Paragraphs 2(3) through 2(5) shall not apply.
7. MOE will transfer its contribution hereunder to the following UNDP's account:

Account Name: UNDP Contributions Account

Bank Name: CITIBANK, N.A

Account Number: 36349562

Address: 111 Wall Street, New York, NY 10043

ABA Code: 021000089

Reference: Contribution from RoK for Enhancing Integrated Water Management and Climate Resilience in Vulnerable Urban Areas of the Mekong River Basin

8. The Contribution will be transferred in four (4) instalments in which the levy will be transferred with the initial instalment by MOE as follows:
 - (a) an initial instalment of nine hundred forty-three thousand and eighty with seventy-nine United States Dollars (USD 943,080.79) equivalent of one billion and one hundred million Korean Won (KRW 1,100,000,000) including the levy amounting to forty-two thousand and four hundred thirty-eight with sixty-four United States Dollar (USD 42,438.64) equivalent of forty-nine million and five hundred thousand Korean Won (KRW 49,500,000) upon the signature of this Arrangement by both Sides per application of the 1 September 2021 UNORE.
 - (b) the second instalment of approximately one million two hundred and two hundred eighty-four with sixty-four United States Dollar (USD 1,200,284.64) after receipt and review of UNDP's first annual report by MOE (as per paragraph 4). The applicable UNORE will be notified to the Donor by UNDP in accordance with Paragraph II Article 1. The final amount in USD to be paid by the Donor for this tranche shall not be higher than the equivalent of one billion and four hundred million Korean Won

(KRW 1,400,000,000).

- (c) the third instalment of approximately one million two hundred and two hundred eighty-four with sixty-four United States Dollar (USD 1,200,284.64) after receipt and review of UNDP's second annual report by MOE (as per paragraph 4). The applicable UNORE will be notified to the Donor by UNDP in accordance with Paragraph II Article 1. The final amount in USD to be paid by the Donor for this tranche shall not be higher than the equivalent of one billion and four hundred million Korean Won (KRW 1,400,000,000).
 - (d) the final instalment of approximately nine hundred forty-three thousand and eighty with seventy-nine United States Dollars (USD 943,080.79) after receipt and review of UNDP's third annual report by MOE (as per paragraph 4). The applicable UNORE will be notified to the Donor by UNDP in accordance with Paragraph II Article 1. The final amount in USD to be paid by the Donor for this tranche shall not be higher than the equivalent of one billion and one hundred million Korean Won (KRW 1,100,000,000).
9. Upon disbursement of each instalment of the Contribution, MOE will inform UNDP by means of a written notice of such disbursement to Bangkok Regional Hub including the following information: (a) the amount transferred; (b) the value date of the transfer; and (c) that the transfer is from MOE pursuant to this Arrangement.
10. Upon receipt of each instalment of the Contribution, UNDP will notify MOE of such receipt by means of a written notice.
11. UNDP will administer the Contribution to implement the Project and maintain appropriate accounting records in accordance with UNDP's rules and regulations (including but not limited to accounting, asset disposal, auditing per the UN Single Audit Principle and investigations, cost recovery, financial and narrative reporting, UN operational exchange rate, procurement and project management) in respect of the receipt and management of the Contribution.
12. The Contribution will be subject to the internal and external audit procedures by UNDP, in accordance with UNDP Rules and Regulations and by the persons designated by UNDP.
13. Any balances remaining in the Project account after execution of all obligations under the Project with respect to the MOE's Contribution will be reallocated to the subsequent period of the given operation, or if no subsequent period exists, UNDP will transfer any balance of the Contribution to MOE after satisfaction of all commitments and liabilities incurred prior to the completion of the Project.
14. UNDP may invest and reinvest the funds provided by MOE under this Arrangement pending their disbursement, in accordance with UNDP's financial policies and procedures for the investment of the funds it administers. UNDP shall credit all income from such investment of the funds, including all interest income from such funds, provided by MOE

under this Arrangement to the account for such interest revenue and shall utilize the income in accordance with UNDP Financial Regulations and Rules.

PARAGRAPH 3. IMPLEMENTATION

1. The Sides will implement this Arrangement through a variety of mechanisms including:
 - (a) Interaction at the headquarters level;
 - (b) Engagement at the country level;
 - (c) Financial support for the Project;
 - (d) Exchange of information and consultation;
 - (e) Both Sides' joint or either Side's assessment, monitoring and evaluation;
 - (f) Participation in the meetings and other events hosted by the other Side; and
 - (g) Any other forms of cooperation jointly decided upon by the Sides
2. The Sides will join efforts and maintain a close working relationship in order to achieve the objectives of the Project and all implementation-related matters other than those stated herein will be dealt with based on the Project Document attached herewith unless otherwise specified. The Sides acknowledge and agree that the Project Document in MOE format in Annex I is only applicable for this Agreement for information purposes. The project document to be signed between UNDP and the beneficiary/host government will be implemented in accordance with UNDP's format exclusively.
3. Changes within the Project budget are permissible provided they are made within the same budget objective and do not exceed 10% of the sum of the total Project budget, which is four million three hundred sixty-two thousand and nine hundred sixty-three and sixty-seven cents United States Dollars (USD 4,362,963.67) equivalent of *five billion* Korean Won (KRW 5,000,000,000). Such changes will have to be explained in the relevant annual report and reflected in the relevant financial report. All other changes in the budgets are possible provided there is written consent from MOE. The Sides acknowledge and agree that UNDP shall not pre-finance any activity under the Project. In the event of a cost overrun (as result of currency exchange fluctuations and/or market pricing affecting goods, services and works), UNDP will inform MOE of this circumstance. MOE will have no obligation to provide additional funding. The Sides further acknowledge and agree that in the event that no additional funding is available, UNDP will have the faculty to reduce, suspend and/or terminate the activities under the Project in consultation with MOE.
4. With reference to the Project period extension, an official extension request will be submitted to MOE country office by UNDP no later than three (3) months before the Project ends, including the statement of reasons, progress report to date with provisional financial report, and work plan with budget plan for the remaining Project period. The formal consent on relevant changes will be delivered to the UNDP country office by the MOE headquarters office.

5. UNDP will invite MOE to major events related to the Project implementation such as the Project's Steering Committee, ceremonies and stakeholder meetings as a main contributor to and stakeholder of the Project.
6. The relevant UNDP office and MOE headquarters office will communicate implementation related matters of the Project unless specified otherwise herein. The meetings between the relevant UNDP office and MOE headquarters will be reported to UNDP and MOE headquarters by the relevant UNDP office and MOE respectively.
7. UNDP will be responsible for implementing the Project activities in line with the Project Document agreed by the Sides and being part of the present Arrangement as Annex I.
8. With regard to the amendment of the Arrangement, both Sides will communicate at the headquarters level as necessary and any amendment to this Arrangement shall be agreed upon by both Sides in writing.

PARAGRAPH 4. REPORTING, MONITORING AND EVALUATION

1. UNDP will provide the MOE with the following reports during implementation of the Project, and as agreed in the Project Document. UNDP shall use the KOICA format (Annex II) for each type of report with the exception of the certified financial reports which will be issued by UNDP per UNDP's formats.
 - (a) **A Quarterly Update** with a brief summary of the Project progress will be submitted in writing or reported through a meeting, including conference calls, to the MOE, if requested. The modality of the update should be consulted with the MOE.
 - (b) **Biannual Update** with relevant indicators summarizing the progress of the Project during the reporting period will be submitted to the MOE by the due date below.
 - (c) **Annual Report** comprising a narrative progress report for the previous 12 months and the provisional financial report with budget execution per activities, together with the work plan for the following 12 months will be submitted to the MOE by the due date below. UNDP will provide provisional financial reports as often as may reasonably be requested by MOE.
 - (d) **Synthesis Report** including a summary of outputs and activities undertaken, achievements compared to the goals and objectives, provisional financial reports for the whole Project period and an evaluation of the Project will be submitted to the MOE by the due date below.
 - (e) From UNDP 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.

- (f) From UNDP Bureau for Management Services/Offices of Financial Resources Management, on completion of the [Programme/Project], a **certified financial statement** to be submitted no later than 30 June of the year following the financial closing of the Project.

	Type	Reporting Period	Due date
1	Biannual Update	Date of signature - Jun. 30 th , <i>YEAR 1</i>	Jul. 31 th , <i>YEAR 1</i>
2	Annual Report	Date of signature - Dec. 31 st , <i>YEAR 1</i>	Jan. 31 st , <i>YEAR 2</i>
3	Biannual Update	Jan. 1 st , <i>YEAR 2</i> - Jun. 30 th , <i>YEAR 2</i>	Jul. 31 th , <i>YEAR 2</i>
4	Annual Report	Jan. 1 st , <i>YEAR 2</i> - Dec. 31 st , <i>YEAR 2</i>	Jan. 31 st , <i>YEAR 3</i>
5	Biannual Update	Jan. 1 st , <i>YEAR 3</i> - Jun. 30 th , <i>YEAR 3</i>	Jul. 31 th , <i>YEAR 3</i>
6	Annual Report	Jan. 1 st , <i>YEAR 3</i> - Dec. 31 st , <i>YEAR 3</i>	Jan. 31 st , <i>YEAR 4</i>
7	Synthesis Report	Date of signature - End of the Project	Within 180 days from the end of the Project

2. Reporting will begin from the signature of this Arrangement between both Sides, and last until the end of the Project. If the extension of the Project is approved by MOE, the rescheduled reporting period and due date will be informed by MOE to UNDP after mutual consultation.
3. Reports provided by UNDP shall be expressed in United States Dollars. Where necessary, grants, expenditures and income shall be converted into United States Dollars using the relevant operational rate of exchange set by the United Nations.
4. The MOE will review the reports based on MOE's reports review criteria including budget execution rate, and progress against the original plan, the concreteness of the following year's work plan, monitoring and evaluation performance, and partnership and cooperation between Sides, etc. The MOE will fully communicate on the criteria with UNDP ahead of signing an agreement. The MOE may request UNDP to complement the reports in terms of contents or provide UNDP with its suggestions for improvement of the Project when necessary. MOE can officially notify to UNDP issues or concerns regarding the management, status and budget of the project, all of which will be discussed in good faith between the Sides for purposes of project management.
5. The Sides will jointly decide on the monitoring of the Project as follows;
 - (a) UNDP will monitor the Project in accordance with its rules and regulation;
 - (b) MOE will conduct its own or joint field visits for the purpose of monitoring of the

Project, in consultation and cooperation with UNDP. The cost of this visit and the monitoring will be borne entirely by MOE.

6. The Sides jointly decide on the evaluation of the Project as follows;
 - (a) UNDP will be responsible for initiating, organizing and following up project evaluations in accordance with the Project Document and UNDP's evaluation policy and guidelines;
 - (b) UNDP will consult MOE on the terms of reference for the evaluation and invite the MOE to participate in the evaluation at the MOE's cost unless explicitly foreseen in the Project budget;
 - (c) MOE will conduct its own mid-term and/or end-of-project and/or ex-post evaluation in consultation and cooperation with UNDP. The cost of this evaluation will be borne entirely by MOE.
7. MOE and UNDP Cambodia, Lao PDR and Bangkok Regional Hub shall cooperate for the successful implementation of the project.

PARAGRAPH 5. VISIBILITY

1. UNDP will endeavour to maximize opportunities that facilitate recognition of MOE's Contribution on the Project (e.g. through appropriate references in theme-related documentation, public information, and due notice to third sides.)
2. Subject to security considerations, all commodities and facilities financed exclusively by MOE under this Arrangement will be clearly badged/marked with the MOE logos, which are to be provided by MOE corporate identity guidelines.
3. Ownership of intellectual property rights associated with any documents, materials and other works which result from the MOE funding under this Arrangement, including contribution-specific publications, shall be vested in UNDP. UNDP shall have the right to use, reproduce, adapt, publish, license and distribute any item or part thereof in accordance with UNDP's regulations, rules, policies and procedures. Public reports produced as a result of activities financed from contributions under this Arrangement shall, as far as possible and appropriate, be placed in the public domain for non-commercial use.
4. MOE shall have the right to a perpetual, worldwide, irrevocable, non-commercial, non-exclusive, royalty-free license to use, reproduce, adapt, translate, distribute, modify, publicly transmit and otherwise exploit, and to create derivative works based upon the documents, materials and other works owned by UNDP and produced pursuant to this

Arrangement (the "**Licensed Materials**"). The Licensed Materials shall include, without limitation, reports (specifically, biannual reports, annual reports and synthesis reports) and any information contained therein, information about beneficiaries, and logical framework of the projects, except for personally identifiable information. MOE has the right to use the Licensed Materials in a way that maximizes their public accessibility and allows the broadest possible use.

5. The use by MOE of the license granted to MOE shall be governed by and construed in accordance with the laws of the Republic of Korea.

PARAGRAPH 6. FRAUD

Both sides have a zero tolerance for fraud and recognize that it is important to take all necessary precautions to avoid corrupt, collusive or coercive practices. To that end, UNDP will maintain standards of conduct governing the performance of its staff, including the prohibition of corrupt, fraudulent, collusive and coercive practices in connection with the award and implementation of the Contribution in accordance with UNDP's Rules and Regulations.

PARAGRAPH 7. GENERAL PROVISIONS

1. Nothing in this Arrangement will be deemed or construed to create, or have been intended to create, an unincorporated business, a business partnership at law, joint venture, or any employment or agency relations between the MOE and UNDP.
2. This Arrangement is not intended to create any legally binding rights or obligations and will be carried out within the framework of the respective applicable laws and regulations of the Sides and subject to the availability of appropriated funds and personnel of the Sides.

PARAGRAPH 8. DISPUTE RESOLUTION

Any dispute arising from the interpretation or application of this Arrangement will be settled amicably through mutual consultation between the Sides, and such consultations shall be coordinated, with respect to MOE and UNDP. If the Sides are unable to reach an agreement on any such any dispute, controversy or claim, or on a mode of settlement other than arbitration, either party shall have the right to request arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), as at present in force. The Sides agree to be bound by any arbitration award rendered in accordance with the above, as the final adjudication of any such dispute.

PARAGRAPH 9.
ENTRY INTO EFFECT, DURATION, AMENDMENT, TERMINATION

1. This Arrangement will become effective upon signature by the Sides.
2. This Arrangement will remain in effect until completion of all obligations of the Sides.
3. This Arrangement may be extended if the Sides jointly decide to do so, in writing, prior to the date of termination. The Arrangement will be regarded as extended when the Project extension is approved by MOE.
4. This Arrangement may be amended by the mutual written consent between the Sides.
5. This Arrangement may be terminated by either Side giving the other Side thirty (30) days' notice in writing, which details the reason for such termination.
6. Upon termination, for any unused portion of the Contribution made by MOE hereunder, other than those irrevocably committed in good faith before the date of termination and those decided between the Sides as being required to finalize funded activities, UNDP will transfer the portion to MOE. MOE shall inform UNDP of the bank account information for this transfer.

IN WITNESS WHEREOF, the undersigned, duly appointed by KOICA and UNDP, respectively, have signed this Arrangement on *September 24 2021*, in two original copies, in the English language.

For and on behalf of
The Ministry of Environment



Mr. Dong-jin Kim
Assistant Minister
Water Resources Policy Bureau
Ministry of Environment

For and on behalf of
United Nations Development Programme



Mr. Christophe Bahuet
Deputy Regional Director for Asia and
the Pacific
Director, Bangkok Regional Hub (BRH)