

# Legal Agreements

The purpose of legal instruments is to clarify the roles and responsibilities of UNEP versus its partners, to facilitate the management of partnerships, and programmatic project-level collaboration, and to provide guidance during project implementation.





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# Standard UNEP Legal Agreements

## Scope:

**UNEP uses different standard legal instruments depending on the**

**01** Type of partner,  
.....

**02** Type of collaboration foreseen  
.....

**03** Financial transaction involved.  
.....

UNEP's standard legal instruments were developed to define the legal rights and obligations of the parties in a consistent manner. They are standardised in that they are applicable to similar instances without requiring adaptation. They ensure that such rights and obligations adhere to the regulations and policies of the UN and UNEP, while providing terms of control and flexibility to support successful implementation of the project/collaboration. The risks are intended to be evenly allocated, in line with with institutional mandates, and aligned to the respective roles and responsibilities in the partnership, and according to the principles of contract and public international law.

This section namely covers Legal Agreements to implement UNEP's Programme of Work (PoW).

Legal Agreements under the European Commission (EC), Global Environment Facility (GEF) and Green Climate Fund (GCF) are covered in the Project Management Cycle Chapter, though several principles and procedural aspects applicable



# Legal Instruments Matrix

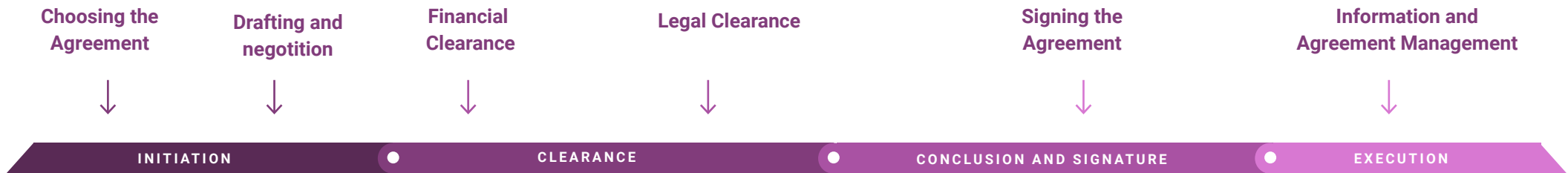
The table below summarizes the different types of legal instruments and their application to types of partners and partnerships.

Agreement type	Private sector / for profit entities	Governments Not for profit entities
Memorandum of Understanding (MoU) – simplified version	✓	
Memorandum of Understanding (MoU) – full version		✓
Agreement type	Any type of partner other than the UN (to receive funds other than goods and services)	
Letter of intent (one off)	✓	
Donor agreement	✓	
Letter of exchange	✓	
Agreement type	UN Agencies (for cooperation)	UN Agencies (to receive and transfer funds)
Letter of Agreement – Part A	✓	
Letter of Agreement – Part B		✓
UN to UN Transfer Agreement		✓
Agreement type	To transfer funds to Governments and NGOs	
Small Scale Funding Agreement (SSFA)	✓	
Project Cooperation Agreement (PCA)	✓	
Agreement type	Governments	
Host Country Agreements Host Country Agreements (Office) Host Country Agreements (Meetings)	✓	

Detailed information about each of these legal instruments, including examples of partners they apply to, signing authorities, and templates can be found on the [standard UNEP legal instruments page](#) of WeCollaborate, and the [2019 Preliminary Guidance on the Preparation of Agreements with Donors and Implementing Partners](#) from the Department of Management Strategy, Policy and Compliance/Office of Programme Planning, Finance and Budget. FMOs and Project Managers should always consult the UNEP Legal Unit as well as the [legal instruments page](#) on WeCollaborate to ensure that the template being used is the latest and appropriate.

[Policies, guidelines and templates](#) for the different types of legal agreements described in the table above, along with contact details for staff in UNEP’s legal team can be found on WeCollaborate. Useful resources including presentations on the use of legal instruments in UNEP can be found in the [Legal Instruments](#) page on WeCollaborate.

# Procedures for Concluding Legal Agreements



## General principles

1. Agreements can only be signed by officers with signing authority. This is described in the table below.
2. Not all agreements require clearance from the Legal Unit in Corporate Services Division. See below for further information.
3. Legal instruments, should be created through the Partners Portal to the extent possible; the Portal does not have features to process agreements in languages other than English.
4. Partners should be screened and approved prior to the legal instrument negotiations. The chapter on Partnerships describes UNEP's partnership screening and approval processes.
5. The Project Concept or Project Document (ProDoc) should be approved prior to legal instrument negotiations, as applicable.
  - » Legal instruments necessary for project implementation can be concluded with implementing partners only after the approval of the relevant project.  
**The approved Project Document (ProDoC) and/or a well-defined time-bound and budget-based results framework and an implementation plan, must be attached to the agreement.**
6. Legal instruments should not be used for the procurement of goods and services.
7. Exceptions and Waivers to the legal instrument require approval of designated authority (low waivers are within the authority of the Controller's Office)
8. Uses of the UN and UNEP names, emblems, logos and flag should be in line with updated corporate policy and be cleared by the Communications Division.
  - » Legal instruments necessary for the finalisation of the project design can be concluded with donors only after approval of the relevant Project Concept.  
**The approved Project Concept must be attached to the agreement.**
  - » In practice, especially when it comes to Memoranda of Understanding (MoUs), often there is no pre-existing project and the MoU may serve as the basis to start a cooperation that may result in a project.

Further, detailed information on each of these principles, and associated processes, can be found on the [procedure for concluding legal instruments page](#) of WeCollaborate.

# Procedure

The procedure for clearance of legal instruments was outlined in both the [2020 Memo - Offline clearance of legal instruments](#) and [2022 Procedure - Clearance of Legal Instruments](#). These have been summarized below. **It is essential to be familiar with the General Principles above before commencing negotiations.**

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## PHASE 1 - INITIATION

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### CHOOSING THE AGREEMENT

Choosing the agreement: The proposing office must ensure that the correct legal instrument is used to formalise the relationship with the partner. Details on each specific legal instrument can be found on the [standard legal instruments](#) page.

#### Key Considerations:

- Does the relationship have financial implications?
- Will funding be given or received?
- Does the relationship concern other matters like non-disclosure, etc.?

### DRAFTING AND NEGOTIATION

Once the appropriate legal agreement has been identified, Divisions/Regional Offices are required to fill the template in consultation with all relevant Programme Coordinators and Regional Offices, taking into consideration the nature of the activities, the type of partner, the national/regional scope and other contextual issues relevant to the negotiation. The [Standard UNEP Legal Instruments](#) templates provide the minimum provisions that the Parties must adhere to.

#### Key Considerations:

- There are some clauses in the template (**boilerplate clauses**) that should not be revised without prior legal clearance because they reflect UNEP's status as a UN organization. These include but are not limited to Intellectual Property, Confidentiality, Use of Logo/Emblem/Name, Dispute Settlement, Privileges and Immunities, Personnel, Audit, and Liability/Indemnity/Responsibility articles.

- Small Scale Funding Agreements and Project Cooperation Agreements must include a copy of the implementation plan and a detailed budget, together with well-defined, time-indicative details on UNEP's and the partner's (financial and non-financial) contribution.

## PHASE 2 - CLEARANCE

For the purpose of clarity, 'standard' legal instruments are those agreements that follow the template **without** any 'substantive deviation'. 'Substantive Deviations' are obligations that expose UNEP to higher financial, legal or organizational risks. Such substantive deviations may either include

- a. modification to boilerplate clauses as defined above or
- b. additional provisions in the legal instruments that may pose higher risk and/or liability to the organization.

For standard legal instruments **without financial implications** and which therefore do not need the Fund Management Officer's clearance, the **Programme Officer** submits the draft legal instrument and the associated documentation directly to the Officer in the Division or Regional Office with the authority to sign the legal instrument.

For standard legal instruments with **financial implications**, the **Fund Management Officer and/or the Administrative Officer** submits the draft legal instrument and the associated documentation to the Officer in the Division or Regional Office with the authority to sign the legal instrument (typically Regional Director or Division Director, or their designated OICs)

This process is automated for legal instruments created in the [Partners Portal](#), to the extent possible.

### FINANCIAL CLEARANCE

The concerned Fund Management Officer is required to review the financial provisions contained in the legal agreement to ensure that they are in line with the UN Financial Regulations and Rules. In particular, any commitment that will directly or indirectly imply additional financial liabilities for the UN/UNEP requires his/her clearance (unforeseen/unintended costs). In case of deviations from the template, consultation with the Finance and Budget Unit is highly recommended. The latest requirements on [financial obligations in legal instruments](#).

### **Key Considerations:**

- Fund Management Officers are not required to review legal instruments that have no financial liabilities.

### **LEGAL CLEARANCE, WHEN REQUIRED**

The Legal Unit in the Corporate Services Section requires a minimum between 7-10 working days to review and clear legal instruments. The Legal Unit is not required to review legal instruments that do not include any deviations from the standard template. The following procedures apply:

- The Legal Unit is required to clear all legal instruments that deviate from the standard template, particularly amendments to any boilerplates provisions as mentioned above; all legal instruments where the signing authority is the Executive Director/Deputy Executive Director; and all legal instruments that entail, upon discretion and under the responsibility of the proposing Division/Regional Office, any type of additional liability, financial or reputational risks or otherwise, to the organization and/or additional liabilities to the organization, its branches and offices.

All amendments to standard legal instruments should be signed by the Executive Director/Deputy Executive Director.

- If the agreement has financial implications, it needs the Fund Management Officer's clearance.

## **PHASE 3 - CONCLUSION AND SIGNATURE**

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### **SIGNING THE AGREEMENT**

The authority for signing the legal instrument depends on the type of agreement and Delegation of Authority of the Division Director/Regional Director. Delegation of authority is described in the table below.



### **Key Considerations:**

- All signed legal agreements involving resource mobilization should be sent to the [Public Sector Partnerships and Resource Mobilization Unit](#) for record keeping, the opening of an income grant in Umoja, and the monitoring of bank accounts to track the receipt of funds.
- As a general rule, legal instruments should not be on UNEP letterhead, since this is a collaborative arrangement between the parties. However, if needed, both parties may include their logos.
- A reference number **MUST** be provided on all agreements. The reference number must include the name of the instrument; year of execution; name of the Division or Regional Office initiating the agreement; and the details of the project structure in Umoja, if applicable. The reference number is provided by the relevant Division/Regional Office.
- UNEP accepts and favors e-signing of legal instruments.
- The legal agreement should include the date when they were signed.

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### **PHASE 4 - EXECUTION**

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#### **INFORMATION MANAGEMENT**

Upon signature by all the parties to the agreement, Divisions and Regional Offices are required to upload signed legal instruments and amendments to the UNEP Partners Portal.

#### **AGREEMENT MANAGEMENT**

Project Managers in collaboration with their respective FMOs should continuously monitor the relationship with partners for their compliance and to obtain project performance feedback.

# Best Practices

## PHASE



## DO



## DON'T

### INITIATION

- Select the correct type and version of the instrument.
- Check whether the partner is already a validated and approved entity, and check whether there are any ongoing partnerships on the [Partners Portal](#).
- Use of UNEP Logo and publication needs must be checked and approved by the Communications Division.

- Initiate SSFA or PCA if the main purpose of the agreement is acquisition of goods or services. Only incidental procurement is allowed through SSFA or PCA for the implementation of projects under the UNEP PoW; Global Environment Facility (GEF) and Green Climate Fund (GCF)
  - » A SSFA allows only for 'incidental procurement', i.e. cumulative procurement activities that are required to execute one or more activities of the SSFA and that involve no more than 15% or USD 20,000 (whichever is lower) of the budget.
  - » A PCA allows only for 'incidental procurement', i.e. cumulative procurement activities that are required to execute one or more activities of the PCA and that involve no more than USD 40,000 of the budget.

**NEGOTIATION**

- Process partner validation, due diligence and agreements through the [Partners Portal](#). The module on Partnerships provides more guidance on these processes.
- Involve FMO/AO staff during the negotiation of financial provisions, and to confirm where the 1% coordination levy applies.
- Know which clauses are boiler plate (standard contractual terms) and which are flexible (variable terms) in a given agreement.

For agreements with Implementing Partners, seek Financial Management Service (FMS)/Corporate Services Division (CSD) clearance for:

- » Deviations of clauses with financial implications (e.g, audit clause, financial reporting requirement, etc.) from UNEP's standard templates.
- Seek clearance before an agreement is finalized/signed.
- Seek FMO/AO review before legal clearance.
- Provide as much information as possible in your request to the legal unit, and allow 10-15 working days for clearance.
- Provide agreements in Word format.

- Skip negotiation unless the Portal does not support the processing of the agreement due to language limitations or other limitations.
- Amend an expired agreement. Bridging agreements may be concluded for remaining activities and funding, in lieu of amendment with prior clearance by the legal unit.
- Send agreements for review without proof reading.
- Revise Programme Support Costs (PSC) without consulting the FMO/AO.
- Forget to consult with the Communications Division for logo use and publications. Partner requests for use of the UNEP logo must be discussed. The Communications Division are the custodians of the logo.
- Forward UNEP Legal Unit emails to external entities if the email includes comments for UNEP's internal action.
- Similarly do not copy external entities in e-mails when requesting UNEP Legal Unit review.

**PHASE****DO****DON'T****SIGNING**

- Ensure signatories include the date of their signature.
- Ensure the correct WBSE codes are filled in the header (for finance-related agreements).
- Ensure amendments are signed by both parties before an agreement expires.
- Communicate information about signing ceremonies for agreements signed by ED/DED to the Executive Office directly

- Use UNEP or Partner's letterhead for agreements.

**EXECUTION**

- Upload the agreement to the Partners Portal
- Make a Note to File if you are not following standard procedures.
- Monitor implementation of the agreement.
- Issue Termination letters in a situation where an agreement is terminated.

For further information contact UNEP's [Legal Unit](#).

# Financial Management of Legal Agreements

Since the financial practices of potential partners may differ from those employed within the United Nations, it is incumbent upon UNEP to encourage the application of the following principles on resources expended through implementation agreements. It is imperative to ensure that resources are fully accounted for and used for their intended purpose in an effective and efficient manner.

## Budget Formulation

The budget and implementation plans outlined in legal agreements serve as the basis for exercising financial oversight and monitoring resources provided to implementing partners. In line with the principles of Results Based Budgeting (RBB), budgets should tie the allocation of financial resource to the delivery of agreed results and contain sufficient detail to justify resource requirements. They should also demonstrate cost-effectiveness and, as much as practicable, provide a breakdown of the resource requirements. Budgets in legal instruments must clearly indicate any provision for staff cost. Approved budgets must be provided as annexes to the specific legal instrument.

## Budget Variations

While budgets should be as accurate as possible, it is recognized that a budget is essentially a plan and that variances will occur during implementation. Consequently, a 10% variation in actual expenditure on budget lines is considered acceptable provided the overall allocation for the agreement is not exceeded. Variations in budget lines exceeding 10% should be reflected in an [amendment](#) to the implementation agreement, including the legal instrument with the partner/donor, and in a project revision and change to the Project Document.

## Procurement And Recruitment

UNEP and MEA Secretariats enter Implementation Partnerships with non-profit organizations, NGOs, and Governments, to collaborate and invest in-kind or cash resources to implement activities directly executed by the Partner, within the framework of a specific project. UNEP and MEA Secretariats cannot disburse funds to a for-profit entity through Partnership implementation agreements. Where the predominant purpose of a collaboration is for the acquisition of goods and services, the UNEP procurement process should be followed.

## Programme Support Costs/Administrative Costs

The administrative costs should be borne by the partner. However, in instances where the partner's capacity is limited, such costs may be included in the budget, with due justification. See Chapter 4 – Financial Management for allowable rates.



## 1% Coordination Levy

A standard Coordination levy clause is to be included in agreements between any funding partner and the United Nations entity. Pursuant to paragraph 10(a) of [United Nations General Assembly Resolution 72/279](#), the funding partner agrees that an amount corresponding to 1% of the contribution to UN entity shall be paid to fund the United Nations Resident Coordinator System. Note: The European Union pays the Coordination Levy directly to the UN Secretariat thus it does not need to be reflected in contributions from the EC. Further information can be found on the [Coordination Levy Operational Guidance](#). This provides guidance and standard clauses for use in legal instruments.

## 15% Joint Implementation Budget

In 2017, UN Secretary General announced the allocation of at least 15 per cent of the non-core resources of United Nations development entities to joint activities<sup>1</sup>. As part of UN reform process, 15% is the minimum amount of expenditure that all UN entities now need to spend in a collaborative manner with other UN agencies to help deliver the SDGs in a coordinated manner. This allocation needs to be built-in to the budgets of legal agree-

ments between UNEP and other UN agencies.

## Instalments and Payment Schedule

A key consideration for the effective management of legal agreements is the level of financial advances paid to the implementing partner. In general, lower levels of advances are preferred as this allows UNEP to minimize financial risk by withholding subsequent instalments in cases of non-performance. Instalments should correspond with the resources required to achieve the agreement's major milestones; however, higher initial instalments may be warranted by factors such as the partner's satisfactory prior performance, low overall cost of the agreement, nature of activities etc. Apart from the initial instalment, requests for subsequent advances should be accompanied by substantive and financial reports. The latter should provide detailed information on expenditures incurred against each budget line.

## Financial/Expenditure Reports

All expenditure reports should be certified by an authorised official from the partner institution attesting to the accuracy of reported expenditures. UNEP will only accept expenditures that are in line with the approved budget. Roles and responsibilities of UNEP staff to

monitor the financial implementation of partners is described in Chapter 4 – Financial Management.

## Audit

Although certified financial statements provide some assurance of authenticity, financial statements should also be independently verified by an external auditor. As auditing all implementation agreements would neither be cost-effective nor practical, **only agreements exceeding a value of US\$200,000 (Project Cooperation Agreements) are required to be audited at the end of their implementation.** The audit may be performed as part of the partner's external audit process provided UNEP's funding is explicitly mentioned as being included as part of the audit. Should this not be possible, the cost of the audit may be covered in the implementation agreement's budget. While the audit would be left with the relevant partner organization, it should not preclude the audit of the partnership by the UN's Office of Internal Oversight Services (OIOS).

<sup>1</sup> <https://undocs.org/A/72/684>

# Delegation of Authority

The following table describes to whom authority is delegated for clearance and signature of legal instruments and agreements in UNEP. Further information is available [Delegation of Authority](#) page on WeCollaborate.

LEGAL INSTRUMENT		AUTHORITY TO SIGN						
		Executive Director (ED)	Deputy Executive Director (DED)	ASG, New York	Director CSD	Division Directors	Regional Directors	D1 & D2 Heads of Offices reporting to ED and DED
L1	MoUs with strategic partners (inc. for profit and not for profit entities), which may include some standard clauses/templates.	SIGNS	SIGNS		CLEARs			
L2	Standard MoU (using approved standard template) with partners (inc. for profit and not for profit entities), at country/regional level that aligns with PoW			SIGNS	CLEARs (Non-standard MOUs only)	SIGNS	SIGNS	SIGNS
L3	Standard legal instruments with financial implications (using approved UNEP standard legal agreements)							

		AUTHORITY TO SIGN						
		Executive Director (ED)	Deputy Executive Director (DED)	ASG, New York	Director CSD	Division Directors	Regional Directors	D1 & D2 Heads of Offices reporting to ED and DED
LEGAL INSTRUMENT								
	<p>These include:</p> <ul style="list-style-type: none"> <li>Project Implementation Agreements (inc, Project Co-operation Agreements (PCAs) and Small-scale funding agreements (SSFAs))</li> <li>Letters of Agreement (both part A &amp; B)</li> <li>UN Agency to UN Agency Contribution Agreements</li> </ul>			SIGNS	CLEARs (only applies to non-standard instruments)	SIGNS	SIGNS	SIGNS
	Donor Agreements for less than USD 1.0 million			SIGNS	CLEARs (only applies to non-standard instruments)	SIGNS	SIGNS	SIGNS
	Donor Agreements for more than or equal to USD 1.0 million	SIGNS	SIGNS		CLEARs (all agreements to be signed by ED/DED)			
L4	Application and proposals related to corporate global partnerships (i.e. GEF, GCF and EC)	SIGNS			SIGNS			



		AUTHORITY TO SIGN						
LEGAL INSTRUMENT		Executive Director (ED)	Deputy Executive Director (DED)	ASG, New York	Director CSD	Division Directors	Regional Directors	D1 & D2 Heads of Offices reporting to ED and DED
	Amendments to legal instruments							
	Amendments to legal instruments signed by the ED/DED	SIGNS	SIGNS		CLEARs			
	Amendments to legal instruments signed at the Divisional/Regional level			SIGNS		SIGNS	SIGNS	SIGNS

The following table describes to whom authority is delegated for approval and signature of legal instruments and agreements by **Multilateral Environment Agreements (MEA) Secretariats**.

		ROLES AND RESPONSIBILITIES			
	Legal Instrument	From UNEP ED	To UNEP DED	To MEA Executive Head reporting to Executive of-fice	To UNEP Director CSD Corporate
L1	MoUs with strategic partners (inc. for profit and not for profit entities), which may include some standard clauses/templates.	APPROVES	APPROVES If recommended by MEA Executive Head	APPROVES	CLEARs

## ROLES AND RESPONSIBILITIES

L2	Standard MoU (using approved standard template) with partners (inc. for profit and not for profit entities), at country/regional level that aligns with PoW.	APPROVES		APPROVES	CLEARs (Only for non-standard MOUs or deviations from boiler plate clauses)
L3	Standard legal instruments with financial implications (using approved UNEP standard legal agreements)	APPROVES		APPROVES	CLEARs (Only for non-standard legal instruments or deviations from boiler plate clauses)
	<p>These include:</p> <ul style="list-style-type: none"> <li>• Project Implementation Agreements (incl, Project Co-operation Agreements (PCAs) and Small-scale funding agreements (SSFAs))</li> <li>• Letters of Agreement (both part A &amp; B)</li> <li>• UN Agency to UN Agency Contribution Agreements</li> </ul>	APPROVES		APPROVES	CLEARs
	Donor Agreements for less than USD 1.0 million	APPROVES		APPROVES	-
	Donor Agreements for more than or equal to USD 1.0 million	APPROVES		APPROVES	CLEARs

**ROLES AND RESPONSIBILITIES**

L4	Amendments to legal instruments				
	<ul style="list-style-type: none"> <li>Amendments to legal instruments signed by the ED/DED</li> </ul>	APPROVES	<p>APPROVES</p> <p>If recommended by MEA Executive Head</p>	RECOMMENDS	CLEARs
	<ul style="list-style-type: none"> <li>Amendments to legal instruments signed at the Divisional/Regional level</li> </ul>	APPROVES		APPROVES	<p>CLEARs</p> <p>(Only for deviations from boiler plate clauses)</p>