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**PROGRAMME COOPERATION AGREEMENT BETWEEN SWEDEN
AND THE UNITED NATIONS ENVIRONMENT PROGRAMME ON
SUPPORT TO IMPLEMENTATION OF UNEP'S MEDIUM TERM
STRATEGY 2014-2017**

PREAMBLE

The Parties to this Agreement are Sweden, represented by the Swedish International Development Cooperation Agency (hereinafter referred to as "Sida") and the United Nations Environment Programme (hereinafter referred to as "UNEP") (hereinafter both referred to as the Parties);

Desiring to further strengthen their cooperation for the purpose of implementing programmes that are consistent with and supportive of UNEP's mandate, and of Sweden's policies, priorities and strategies for development cooperation;

Considering the on-going UNEP reform process and the adopted Medium Term Strategy 2014-2017, the Programmes of Work and Budgets for the biennia 2014-2015 and 2016-2017 (adopted at UNEA, June 2014);

Considering the continued efforts of UNEP to apply Result-Based Management across the organization, including programmes and projects, and UNEP's efforts to coordinate its programmes with those of other UN funds, programmes and other Specialized Agencies;

Considering Sweden's support to UNEP's reform process as well as the interest to further support UNEP programmes to achieve results (outcomes) at global, regional and national levels;

Recalling the five interrelated principles of the Paris Declaration (2005), the Accra Agenda for Action (2008) and the Busan Partnership for Effective Development Cooperation (2011);

Recognizing that the Millennium Development Goals, adopted by the Member States in 2000, provide a framework for development cooperation to meet the needs of the world's poorest that have generated an unprecedented level of commitment and partnership in building decent, healthier lives for billions of people;

Considering the role of Sweden as a UNEP Member State to collaborate with UNEP to achieve its goals; and referring to the current Framework

Agreement between Sweden and UNEP (2008-2010, extended 2014 until 13 December 2017) as amended or renewed from time to time:

The Parties hereby agree to enter into this Programme Cooperation Agreement (hereinafter referred to as the "Agreement"), under the following terms and conditions:

ARTICLE 1 THE MID-TERM STRATEGY AND ITS SUB-PROGRAMMES

UNEP has adopted a medium-term strategy for the period 2014-2017 which strengthens its capacity to deliver on its mission by focusing on seven thematic areas. The Medium Term Strategy (MTS), which was approved in 2013 and consists of seven sub-programmes, is implemented through biennial Programmes of Work and budget (PoW) 2014-2015 and 2016-2017, respectively, approved by UNEA.

The Parties hereby agree to utilize the Swedish contribution to support five of these sub-programmes for the full strategy period 2014-2017:

Sub-programme no 1. Climate Change

Sub-programme no 3. Ecosystem Management

Sub-programme no 4. Environmental Governance

Sub-programme no 5. Chemicals and Waste

Sub-programme no 6. Resource Efficiency

In addition, Sida will support gender mainstreaming and staff training in Results Based Management.

The specific details on each sub-programme design, component inputs and budgets are described in the documents named Programme of Work and budget 2014-2015 (UNEP/EA.1/7/Add.1 of 20 May 2014) and Programme of Work and budget 2016-2017 (UNEP/EA.1/7* of 12 April 2014).

* Reissued for technical reasons on 18 June 2014.

ARTICLE 2 THE OBJECTIVES OF THE MID TERM STRATEGY AND OF THE SUB-PROGRAMMES AND AREAS SELECTED FOR SIDA SUPPORT

The key goal for UNEP for the 2014-2017 MTS period is as follows:

To catalyse a transition towards a low-carbon, resources efficient and equitable development based on the protection and sustainable use of ecosystem services, coherent environmental governance and the reduction of environmental risks for the well-being of current and future generations and the attainment of global environmental goals in order to contribute to sustainable development.

The objectives and expected deliverables of the five Sida-supported sub-programmes, and the two cross-cutting areas of support, are:

Sub-programme no. 1 Climate Change

Objective: to strengthen the ability of countries to move towards climate-resilient and low emission pathways for sustainable development and human well-being.

Expected Accomplishments:

EA1/ Climate resilience: Ecosystem-based and supporting adaptation approaches are implemented and integrated into key sectoral and national development strategies to reduce vulnerability and strengthen resilience to climate change impacts.

EA2/ Low emission growth: Energy efficiency is improved and the use of renewable energy is increased in partner countries to help reduce greenhouse gas emissions and other pollutants as part of their low emission development pathways.

EA3/ REDD+: Transformative REDD+ strategies and finance approaches are developed and implemented by developing countries that aim at reducing emissions from deforestation and forest degradation and bringing multiple benefits for biodiversity and livelihoods.

Sub-programme no. 3 Ecosystem Management

Objective: to promote a transition to integrating the management of land, water and living resources to maintain biodiversity and provide ecosystem services sustainably and equitable among countries.

Expected Accomplishments:

EA1/ Production: Use of the ecosystem approach in countries to maintain ecosystem services and sustainable productivity of terrestrial and aquatic systems will be increased.

EA2/ Marine issues: Use of the ecosystem approach to sustain ecosystem services from coastal and marine systems will be increased.

EA3/ Enabling environment: Services and benefits derived from ecosystems are integrated with development planning and accounting, particularly in relation to wider landscapes and seascapes and the implementation of biodiversity related Multilateral Environmental Agreements (MEAs).

Sub-programme no. 4 Environmental Governance:

Objective: To strengthen synergies and coherence in environmental governance to facilitate the transition towards environmental sustainability in the context of sustainable development.

Expected Accomplishments:

EA1/Coherence and synergies: The United Nations system and multilateral environmental agreement bodies, respecting the mandate of each entity, demonstrate increasing coherence and synergy of actions on environmental issues.

EA2/Law: The capacity of countries to develop and enforce laws and strengthen institutions to achieve internationally agreed environmental objectives and goals and comply with related obligations will be enhanced.

EA3/Mainstreaming environmental sustainability: Countries increasingly mainstream environmental sustainability in national and regional development policies and plans.

Sub-programme no. 5 Chemicals and Waste

Objective: To promote a transition among countries to the sound management of chemicals and waste to minimize impacts on the environment and human health.

Expected Accomplishments:

EA1/Enabling environment: Countries increasingly have the necessary institutional capacity and policy instruments to manage chemicals and waste soundly including the implementation of related provisions in the MEAs.

EA2/Chemicals: Countries, including major Groups and stakeholders, increasingly use the scientific and technical knowledge and tools needed to implement sound chemicals management and the related MEAs.

EA3/ Waste: Countries, including Major Groups and stakeholders, increasingly use the scientific and technical knowledge and tools needed to implement sound waste management and the related MEAs.

Sub-programme no. 6. Resource Efficiency

Objective: To promote a transition in which goods and services are increasingly produced, processed and consumed in a sustainable way that decouples economic growth from resource use and environmental impact, while improving human well-being.

Expected Accomplishments:

EA1/ Enabling environment: Cross-sectoral scientific assessments, research and tools for sustainable consumption and production and green economy developed, shared and applied by policy-makers, including in urban practices in the context of sustainable development and poverty eradication.

EA2/ Sectors and Supply: Uptake of sustainable consumption and production and green economy instruments and management practices in sectoral policies and in business and financial operations across global supply chains is increased, in the context of sustainable development and poverty eradication.

EA3/ Lifestyles: Enabling conditions for promoting more sustainable consumption choices and lifestyles are enhanced.

Supported cross-cutting areas:**1. Results-Based Management training**

Objective: To promote a results based approach in the Organization in general and to project design and management in particular and

ensure that projects contribute to the objectives of the MTS and its sub-programmes.

Expected Accomplishments:

Capacity for results based project design and management improved through:

- Face to face training of at least 150 staff per year
- Roll out of online RBM training modules and provision of follow up support and guidance to staff using them.
(Target 100 staff using the online modules per year)
- Improvement of existing and development of new project management guidance resources – Programme Manual, etc.
- Finalisation, testing, and use of tools to assess project design and project implementation.

2. Gender integration

Objective: To ensure that UNEP policies, plans and programmes achieve clearly articulated, time-bound and measurable gender equality and women's empowerment results.

Expected Accomplishments:

UNEP's programme results reflect measurable gender equality and women's empowerment results

Strengthened capacity of UNEP staff in gender responsive programming achieved through system-wide capacity building programme that includes theme focussed gender mainstreaming modules; and a well defined communication and knowledge management strategy

UNEP Policy and Strategy for Gender Equality and the Environment (2014-2017) fully implemented to achieve system-wide gender equality in programmes and policy formulation, implementation and monitoring.

ARTICLE 3 THE SIDA CONTRIBUTION

1. Sida shall make available the total sum of 140 000 000 Swedish Kronor (SEK One hundred forty million), to implement UNEP's MTS and Programmes of Work for the period 2014 to 2017, subject to parliamentary appropriation of funds, to support the implementation and monitoring of the five sub-programmes and two priority areas as specified in Article 2.

2. An amount of 35 000 000 Swedish Kronor (SEK thirty five million) will be made available in 2014 upon signing of this Agreement followed by a written request from UNEP, and a maximum of 35 000 000 SEK for each of the years 2015, 2016 and 2017 inclusive. Sida will inform UNEP in writing of any changes in the amount to be disbursed within a given agreement year.
3. The contribution will be made in Swedish kronor. Sida's financial obligation under this Agreement is limited to the contribution mentioned in 3.1
4. Funds will be channelled through the Technical Cooperation Trust Fund for the implementation of the agreements with Sweden (SEL trust fund) already established for contributions by Sweden.
5. The Sida contribution may later be co-mingled by UNEP with other funds from other funding agencies.

ARTICLE 4 CONDITIONS FOR THE UTILISATION OF THE SWEDISH CONTRIBUTION

1. Management of the contribution and expenditures in order to implement the activities under the sub-programmes in Article 2 above shall be governed by the applicable regulations, rules and directives of UNEP including on finance, human resources and procurement.
2. Activity period: The specific period during which the activities shall be undertaken is from 2014 (from date of signature of this Agreement) to December 31, 2017. Only costs for activities carried out during this period may be financed from the Sida contribution. After six months of the latter date, the contribution according to this Agreement shall not be available for disbursement. The Parties may amend the Agreement in writing by extending the activity- and validity-period, if necessary, to allow for the funds to be used for a further period
3. Funds made available by Sida shall be exclusively used for the purposes of the sub-programmes for which they are intended, and in accordance with each sub-programme in the Programmes of Work 2014—2015, 2016-2017 respectively and budget and in accordance with the rules, regulations and directives of UNEP.
4. The Sida contribution shall be allocated to the five sub-programmes and two prioritized areas as follows in SEK:



Sub-programme number:	2014	2015	2016	2017	Total 2014-2017 (SEK)
1	8 000 000	8 000 000	8 000 000	8 000 000	32 000 000
3	7 750 000	7 750 000	7 750 000	7 750 000	31 000 000
4	6 600 000	6 600 000	6 600 000	6 600 000	26 400 000*
5	6 500 000	6 500 000	6 500 000	6 500 000	26 000 000
6	3 500 000	3 500 000	3 500 000	3 500 000	14 000 000
Staff training on RBM	650 000	650 000	650 000	650 000	2 600 000
Gender mainstreaming	2 000 000	2 000 000	2 000 000	2 000 000	8 000 000
Total (SEK)	35 000 000	35 000 000	35 000 000	35 000 000	140 000 000

* of which 20 000 000 SEK is to be directed towards the Poverty Environment Initiative

UNEP may ask for a revision of the financial distribution between the five prioritized sub-programmes between years. Such a revision shall be based on an analysis of the overall financial status and of the consequences for the implementation and expected results of each of the five sub-programmes and the two priority areas. The proposed revision shall be submitted to Sida two weeks in advance and be discussed during the Annual or Nordic consultations. Possible approval by Sida shall be finalised through a signed amendment to this Agreement.

5. The Sida contribution shall be used in line with the following principles:

- The sub-programmes and two priority areas supported by Sida according to Article 2 shall be implemented in a result-focused manner through the Programme of Work based on their relevance for sustainable development and poverty reduction, as well as areas where UNEP has a comparative advantage;
- Emphasis on improving conditions for people living in poverty in developing countries.
- Emphasis on coordination and co-operation with other development partners, particularly within the UN family;

- Emphasis on ensuring that gender and human rights are fully taken into account and equality and equity are integrated in all policies, programmes and projects.
 - Increased efficiency by improving coordination and synergies between the programmes.
6. A maximum of 8 % of the Sida contribution may be used for programme administrative costs, in accordance with the Framework Agreement 2008-2010 between UNEP and Sweden, as amended or renewed from time to time. These administrative costs shall be stated separately in the budgets.
 7. UNEP shall record in its accounts the value of the Sida contribution in US dollars at the UN operational rate of exchange realized at the time of receipt of the contribution. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by UNEP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly.
 8. Any balance remaining unspent upon completion of the activities under this Agreement shall be refunded to Sida within six months of completion of the activity period (see 4.2)), unless otherwise agreed though a signed amendment to the Agreement.
 9. Any interest income earned on the cash balance of the Sida contribution shall be used in accordance with UNEP's Financial Regulations and Rules and allocated to the five sub-programmes mentioned above.
 10. UNEP shall inform Sida of any significant deviation from agreed plans and budgets.
 11. Sida may at any time withhold disbursement if major deviations from agreed plans and budgets occur; if the main sub-programme objectives are endangered; if reports are not delivered as agreed or if the sub-programmes develop unfavourably in terms of the objectives in any other important respect. Contributions used in breach of this agreement may be reclaimed by Sida. Before taking such a decision, Sida shall initiate discussions with UNEP.

ARTICLE 5 PROCUREMENT

1. Procurement of services and goods shall be carried out in accordance with the internal established procurement regulations of UNEP and the UN Secretariat, including international competitive bidding when relevant.



2. Swedish suppliers of goods and services shall be given the same opportunities to participate in the bidding as other suppliers. Local and regional suppliers of goods and services shall be encouraged to submit tenders.

ARTICLE 6 DISBURSEMENTS

1. Disbursements of the Sida contribution are subject to Swedish parliamentary appropriations and shall be used by UNEP according to Article 4.
2. Disbursements will be made by Sida in two instalments per year (except in 2014 that Sida shall make only one disbursement) to the bank account mentioned by UNEP in 6.5 below.
3. The contribution will be paid in instalments as described below, upon written requests in original by UNEP, signed by an authorized person (see 6.7 below) and receipt of reports as stated in Article 7. UNEP shall make requests for disbursements in line with the following disbursement plan:

2014-2015

-Initial disbursement available in 2014 upon signing of the agreement: 35 000 000 SWEDISH KRONOR (SEK THIRTY FIVE MILLION).

-1st instalment 2015 available in March 2015: 25 000 000 SWEDISH KRONOR (SEK TWENTY FIVE MILLION), upon submission and approval by Sida of financial statement showing current budget outcome at sub-programme level.

-2nd instalment 2015 available in August 2015: 10 000 000 SWEDISH KRONOR (SEK TEN MILLION) after submission to Sida of substantive and financial reports prepared for the UNEP Governing Bodies for activities implemented according to the Programme of Work and budget 2014-2015, and the rate of implementation and performance by UNEP in relation to set targets approved as sufficient and satisfactory by Sida.

2016-2017

-1st instalment 2016 available in March 2016: 25 000 000 SWEDISH KRONOR (SEK TWENTY FIVE MILLION), upon submission and approval by Sida of financial statement showing current budget outcome at sub-programme level.



-2nd instalment 2016 available in August 2016: 10 000 000 SWEDISH KRONOR (SEK TEN MILLION) after submission to Sida of substantive and financial reports prepared for the UNEA for activities implemented according to the Programme of Work and budget 2014-2015, and the rate of implementation and performance by UNEP in relation to set targets assessed as sufficient and satisfactory by Sida.

2017-2018

-1st instalment available in March 2017: 25 000 000 SWEDISH KRONOR (SEK TWENTY FIVE MILLION), upon submission and approval by Sida of financial statement showing current budget outcome at sub-programme level.

-2nd instalment 2017 available in August 2017: 10 000 000 SWEDISH KRONOR (SEK TEN MILLION) after submission to Sida of substantive and financial reports prepared for the UNEP Governing Bodies for activities implemented according to the Programme of Work and budget 2016-2017, and the rate of implementation and performance by UNEP in relation to set targets assessed as sufficient and satisfactory by Sida.

3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of the scheduled activities, it being understood that UNEP shall not pre-finance the implementation of any activity in Article 2. It may be amended after consultation between the Parties.
4. The request shall be made in Swedish kronor and calculated according to the prevailing operational UN-rate.
5. The Sida Contribution shall be paid into the following bank details of UNEP:

UNEP Trust Funds and Counterpart Contributions (only)
Account number/IBAN no 485-002809
JP Morgan Chase
International Agencies Banking Division
270 Park Ave. 43rd floor
New York, N.Y. 10017 USA
Wire transfers: Chase ABA number= 021000021, SWIFT code=
BIC-CHASUS33, currency of the account= USD.



6. Authorized to sign the disbursement request on behalf of UNEP is Mr. Moses Tefula, Chief, Resource Management Section, Office for Operations, or his designated representative. UNEP shall inform Sida of any new designation.

ARTICLE 7 REPORTING AND INFORMATION

1. UNEP shall keep proper financial records in accordance with its financial rules. Funds will be channelled through the Technical Cooperation Trust Fund for the implementation of the agreements with Sweden (SEL trust fund) already established for contributions by Sweden. UNEP shall maintain separate records in respect of the Sida contribution and disbursements made by UNEP.
2. UNEP shall provide Sida with yearly progress reports and financial reports prepared for its Governing Bodies in accordance with UNEP accounting and reporting procedures from 2015 to 2018. The progress reports shall be analytical in approach, reflect the practice of result-based management and include a presentation of difficulties and shortcomings and discuss possible remedies. The reports will cover all UNEP's seven sub-programmes and not be limited to the interventions or programmatic areas funded by Sida. These reports will also include progress reports on integration of gender perspectives into UNEP policies and programmes as well as progress made in RBM implementation.
3. In addition, UNEP shall provide Sida with financial statements showing current budget outcome and funding status, including forecasts on likely future contributions, at sub-programme level twice a year between 2015 to 2017.
4. Sida and UNEP shall meet every year to plan and review the progress of the sub-programmes. The meetings shall be held after the relevant reports have been received by Sida. The meeting may take place as part of the bilateral consultation between Sida and UNEP held during the annual Nordic Consultation.
5. UNEP shall arrange in-depth independent evaluations of sub-programmes and projects as are coordinated by the UNEP Evaluation Office. Furthermore UNEP shall in accordance with its MTS conduct a combination of evaluations at different levels: evaluations of the expected accomplishments in the MTS; formative evaluations of the design of the PoW at the start of each biennial period; and overall evaluations of the MTS 2014-2017 at both the



mid- and end-points of the MTS period in mid-2015 and end-2017 respectively. The evaluation reports will be submitted to Sida within one month after finalization of the respective report.

5. UNEP shall give all information on the use of the resources provided by Sida that Sida may reasonably request in addition to the information contained in the reports and, as far as it is within its power, enable representatives of Sida to visit and study the various activities of relevance for Sida's follow up of its contribution and the sub-programmes impact.

ARTICLE 8 AUDITING

1. UNEP shall provide, when available, copies of the financial report and audited financial statements prepared by the United Nations Board of Auditors for the General Assembly on all funding.
2. All payments received by UNEP from Sida under this Agreement shall be subject to the UN internal and external auditing procedures and practice. When forwarding funds to a third party, UNEP is responsible for the funds being followed up according to this Agreement. These requirements shall be passed on to all subsequent agreements. Furthermore, should an audit report on UNEP by the United Nations Board of Auditors contain observations relevant to the sub-programmes under this Agreement, a copy of the final report, together with UNEP's comments thereon, shall be made available to Sida.
3. Sida shall be given the opportunity to monitor, evaluate or review the use of the contribution. The costs of such activities shall be borne by Sida.

ARTICLE 9 ANTI-CORRUPTION

1. UNEP shall require that its staff and consultants financed under this Agreement shall refrain from offering third parties, or seeking, accepting or being promised from or by third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, which could be interpreted as an illegal or corrupt practice.
2. UNEP shall immediately inform Sida of any illegal or corrupt practice or any other misuse of funds in any activity financed under this Agreement that UNEP is aware of or that has been brought to its attention, whether or not under UNEP's responsibility. UNEP shall provide Sida with information on the findings and any actions



or measures taken by UNEP. Upon receipt of any such notification, the Parties shall promptly consult with each other to determine further actions to be taken in order to resolve the matter. Subject to the UN Office of Internal Oversight Services (OIOS) policies and procedures, UNEP shall keep Sida informed of the progress of any formal investigation related to the finances provided under this Agreement upon its conclusion.

ARTICLE 10 SETTLEMENT OF DISPUTES

1. The parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Agreement or the breach, termination or invalidity thereof.

ARTICLE 11 ENTRY INTO FORCE AND TERMINATION

1. This Agreement shall enter into force upon signature and remain valid until September 30, 2018 unless terminated earlier by either of the Parties by three months' notice.
2. In the event of a serious breach of the Agreement, Sida is entitled to terminate the Agreement immediately.
3. In case of termination, unless agreed otherwise, UNEP shall return any remaining balance of the contribution. However, UNEP shall not be obliged to repay any funds irrevocably committed in good faith by UNEP to third parties before the date of notice of termination.
4. Two originals of the text of this Agreement, written in the English language, have been signed.

Paris,
Place and date

17/11/14

For Sida

Signature

KERSTIN JONSSON CISSÉ

Head of Global Programmes Unit

Paris,
Place and date

17/11/14

For UNEP

Signature

ACHIM STEINER

Executive Director