

## PROJECT AGREEMENT

BETWEEN

ITALIAN MINISTRY FOR THE ENVIRONMENT, LAND AND SEA

AND

THE UNITED NATIONS OFFICE FOR PROJECT SERVICES

CONCERNING

Initiative to Support Credible, Consistent  
and Comparable Monitoring, Reporting and Verification for National and Sub-  
national Climate Change Policies and Actions

(“INITIATIVE” or the “PROJECT”)

This Project Agreement is entered into between the United Nations Office for Project Services (hereinafter referred to as “UNOPS”), and The Italian Ministry for the Environment, Land and Sea (hereinafter referred to as “the Ministry”), collectively with UNOPS the “Parties”, or individually a “Party”.

**WHEREAS the Ministry**, in accordance with its objectives to address the issue of climate change, wishes to join the Project and support and expand the Initiative with a voluntary contribution, to be disbursed in accordance with the terms and conditions set out in this Project Agreement.

**WHEREAS**, UNOPS is a subsidiary organ established by UN General Assembly decision 48/501 of 19 September 1994 as a central resource for the UN system in procurement, contracts management and other capacity development activities, as well as its value in providing efficient, cost-effective services to partners in its specialized areas;

**WHEREAS**, the Ministry requests UNOPS’ to receive, for the benefit of the Initiative, a contribution, to be disbursed in accordance with the terms and conditions set out in this Project Agreement;

**WHEREAS**, UNOPS has agreed to receive the Contribution and manage it in accordance with pre-existing obligations between UNOPS and other donors to the Initiative;

**AND WHEREAS**, UNOPS agrees to implement the activities described in this Project Agreement and further activities approved by the Donors Oversight Committee, (hereinafter referred to as “DOC”), once new donors join the Initiative and provide funds.

**NOW THEREFORE**, the Parties hereto mutually agree to the following terms and conditions:

1. The total contribution from the Ministry shall be EUR 5.000.000 (the “Contribution”); this contribution is intended in addition to activities as set out in annex IV. A business plan and/or proposals for new/expanded activities will be presented by the Ministry to the DOC for its consideration.
2. This Project Agreement shall commence upon countersignature and shall continue for a period of four (4) years ending on November the 25<sup>th</sup>, 2019, unless terminated earlier in accordance with this Project Agreement.

3. The Project (further details of which are set out in Annex III), is a voluntary, multi-stakeholder strategic financial and implementation tool that aims to address capacity gaps and bring greater transparency, trust and ambition to climate policies worldwide. It will achieve this by enhancing monitoring, reporting and verification (MRV) systems and data quality, supporting the wish of the international community to work towards making them comprehensive and comparable in the long run. The Initiative aims to provide policymakers and other stakeholders with the necessary tools to understand the impact and effectiveness of national climate policies. By helping countries to collect more consistent and thorough data, national governments will be able to engage more constructively during the international climate negotiations and engage in a data driven accountability-focused dialogue. Conversations rooted in trust and credible results will ultimately facilitate further improvements in the global MRV efforts and hopefully encourage an upward spiral of ambition at the international climate ambitions and in domestic decision-making processes.
4. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the "Description of Activities" attached hereto as Annex III and Budget attached hereto as Annex IV, and shall be administered by UNOPS on behalf of the Ministry in accordance with the terms of this Agreement, including the "Standard Provisions" attached hereto as Annex I and the "Governance, Structure and Role of Partners" attached hereto as Annex II.
5. This Project Agreement shall include the following Annexes, which form an integral part hereof and which shall take precedence over one another in case of conflict in the following order:
  - a) Annex I: Standard Provisions;
  - b) Annex II: Governance, Structures and Roles of Partners;
  - c) Annex III: Description of Activities; and
  - d) Annex IV: Budget.

In the event that the terms contained in the Annex (es) are incompatible with those contained in this Project Agreement, then the latter shall govern and prevail.

6. Any notice to the Ministry shall be addressed to:

Francesco La Camera  
Director General  
Ministry for the Environment, Land and Sea  
Directorate for Sustainable Development, Environmental Damage, European Union and  
International Affairs  
Via Cristoforo Colombo, 44  
00147 – Roma  
Italy

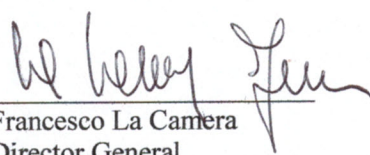
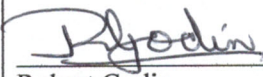
Any notice to UNOPS will be addressed to:

Katrin Lichtenberg  
Senior Portfolio Manager, UNOPS WEC  
Marmorvej 51  
PO Box 2695  
2100, Copenhagen, Denmark  
Telephone: + 45 4533 7623  
Fax: N/A

Email: [KatrinL@unops.org](mailto:KatrinL@unops.org)

7. The Ministry shall deposit the Contribution as soon as reasonably practicable following countersignature of this Project Agreement and in the currency specified in paragraph 1 above into the UNOPS Account at the JP Morgan Chase Bank, United Nations Office for Project Services UNOPS, Account No. 323846017, Swift Code CHASUS33, ABA: 021000021, Address: 277 Park Avenue, 23rd Fl., New York, NY 10172 USA quoting reference "MRV Initiative":
  
8. In the event any amounts are to be returned to the Ministry under this Project Agreement, UNOPS shall transfer such amounts to the Donor, unless otherwise agreed in writing between UNOPS and the Ministry.
  
9. This Project Agreement may be amended only in writing between UNOPS and the Ministry; provided, however, that the annexes may be amended only with the agreement of all donors contributing to the Project.
  
10. This Project Agreement is entered into in accordance with the following instruments:
  - (a) The 1946 Convention on the Privileges and Immunities of the United Nations.

**IN WITNESS WHEREOF**, the duly authorised representatives of both Parties have signed this Project Agreement.

<p>On behalf of the Ministry:</p>  <p>Francesco La Camera Director General Directorate for Sustainable Development, Environmental Damage, European Union and International Affairs</p> <p>Date: <u>27/11/2015</u></p>	<p>On behalf of UNOPS:</p>  <p>Robert Godin Regional Management and Oversight Advisor UNOPS, ECR</p> <p>Date: <u>30/11/2015</u></p>
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**ANNEX I –  
STANDARD PROVISIONS**

Applicable to Contributions to the

**Initiative to Support Credible, Consistent  
and Comparable Monitoring, Reporting and Verification for National and Sub-  
national Climate Change Policies and Actions (the “Initiative”)**

This Annex will be applicable to and form an integral part of all project agreements entered into between UNOPS and the donors that provide Contributions to be administered by UNOPS for the Initiative (the “Donors” and each a “Donor”). As used herein, “Project Agreements” means the agreements between UNOPS and each of the Donors to which these Standard Provisions are annexed.

**1. Use of Contributions**

1.1 UNOPS may use amounts in the Budget for any purpose that is authorized by the Donor Oversight Committee (“DOC”) that is permissible according to the governance documentation and in accordance with the “Description of Activities” in Annex III, as may be amended in writing and by agreement between UNOPS and the Donors from time to time, including, without limitation:

- (a) the payment of the salaries and benefits of personnel assigned to the Secretariat;
- (b) the payment of costs required for the secretarial assistance;
- (c) the payment of travel costs; and
- (d) the provision of grant support as a funding modality under the Project Agreements.

**2. Administration of the Contributions**

2.1 The Contributions received by UNOPS under, or pursuant to, the Project Agreements, shall be administered by UNOPS (in order of precedence) in accordance with its Organizational Directives and Administrative Instructions, including the UNOPS Financial Regulations and Rules (available upon request), as well as the Initiative’s governance documentation.

2.2 UNOPS shall have no obligation to implement the activities unless all necessary and sufficient funds for the implementation of those activities have been received by UNOPS in a timely manner.

2.3 All Contributions received by UNOPS shall be recorded in a separate ledger account established by UNOPS for the Initiative in respect of the Contributions deposited by each of the Donors with UNOPS under the Project Agreements and the disbursements thereof. The Contributions will be accounted for as a single trust fund and will be kept separate and apart from the funds of UNOPS.

2.4 The value of the Contributions, if made in a currency other than in USD, shall be determined by the actual amounts credited by the bank into the UNOPS bank account on the date of payment of each installment. Such amounts shall increase or decrease the funds available for disbursements to the Initiative. All expenditures made for the benefit of the Initiative in currencies other than USD shall be recorded using the United Nations operational rate of exchange in effect on the date of each transaction and/or payment. UNOPS shall not absorb or otherwise assume responsibility for any net

exchange gains and net exchange losses in the value of the Contributions received as well as related transactions.

### **3. Recovery of Administrative Fees and Interest**

3.1 Under the Project Agreements, and as further elaborated in the Initiative's governance documentation and approved annual budgets, UNOPS will deduct management fees to cover its indirect costs, and charge direct costs, in accordance with UNOPS Organizational Directives and Administrative Instructions, including the UNOPS Financial Regulations and Rules and the UNOPS Client Pricing Policy.

3.2 Any interest accrued on the cash balances of the Contributions received by UNOPS under the Project Agreements shall be credited to the Initiative's budget and used in accordance with UNOPS' Financial Regulations and Rules as well as its financial and administrative practices, for the benefit of the Initiative, in accordance with the Initiative's governance documentation and approved annual budgets.

### **4. Standard of Care**

4.1 UNOPS' responsibility shall be limited to those functions specifically set forth in the Project Agreements and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law.

### **5. Engagement of Consultants and Procurement of Goods**

5.1 The selection and engagement of consultants, and the procurement and financing of expenditures for goods, services and other items of expenditure, and the administration and enforcement of any provisions or any agreement entered into between UNOPS and consultants and/or third parties, shall be the responsibility of UNOPS and shall be done in accordance with normal UNOPS procedures and the governance documentation and approved annual budgets. The UNOPS will inform the Donors, in due time, about the initiation of tender procedures. The Donors will not be responsible for the activities of a person employed or retained by UNOPS as a result of the Project Agreements. As part of its narrative reports to the DOC, UNOPS will provide a summary of solicitation methods used in support of the Initiative. Whilst carrying out procurement processes, UNOPS abides by the principles of transparency, integrity, fairness and value for money.

5.2 Ownership of equipment, supplies and other tangible assets purchased from the Contributions will vest in UNOPS unless otherwise agreed, or until such time as UNOPS transfers such property to a third party for the benefit of the Initiative.

### **6. Procedures to govern Grants and transfers of Contributions to other entities (including grantees and implementing partners)**

6.1 Once deposited, UNOPS may use the Contributions to provide grants to local governments or to other entities for the purposes specified in section 1.1 above in accordance with the relevant UNOPS Organizational Directives and Administrative Instructions, and in accordance with "Description of Activities" in Annex III and the governance documentation and approved annual budgets (this may include providing grant support to pre-selected entities). In such cases, UNOPS shall enter into a grant agreement (the "Grant Agreement") with the recipient (the "Grantee") regarding the provision of Contribution funds to the Grantee for such purposes. Alternative arrangements will be made should the recipient of Programme funds be the World Bank, a UN agency or a national government (hereinafter referred to as "Implementing Partners").

## **7. Accounting and Financial Statements**

7.1 UNOPS shall maintain separate records and ledger accounts in respect of the Contributions deposited by the Donors with UNOPS under this Agreement and the disbursements thereof.

7.1 UNOPS will provide the Donor with:

- a) Bi-annual narrative progress reports. as at 30 June 2016, 30 December 2016, 30 June 2017, 30 December 2017, 30 June 2018 and 30 December 2018.
- b) Bi- annual financial status reports as at the dates in 7.1 a) above.
- c) An annual certified financial statement as of 30 June of the subsequent year.
- d) A final certified financial statement no later than 30 June following the calendar year during which activities finished.

7.2 All financial accounts and statements shall be expressed in United States dollars, in accordance with UNOPS standard requirements and formats. Narrative reports shall include a general description of the progress of the Initiative and specific notes on the results, impact and sustainability of the results, in accordance with the governance documentation.

## **8. Auditing**

8.1 It is understood and agreed that all contributions to UNOPS, including the Contributions made by the Donors under the Project Agreements, are subject exclusively to the internal and external auditing procedures laid down in the UNOPS Financial Regulations and Rules and further regulated by the Executive Board of UNDP/UNFPA/UNOPS. Disclosure of audit reports is regulated by the audit disclosure policies applicable to UNOPS.

8.2 If a Donor wishes to request, on an exceptional basis, a project-specific audit by UNOPS, the Donor and UNOPS shall first consult as to whether such an audit is necessary. UNOPS and the Donor shall agree on the most appropriate scope and terms of reference of such audit. Following agreement of the scope and terms of reference, UNOPS shall arrange for such an audit. The costs of any such audit, including UNOPS' costs with respect to such audit, shall be paid by such Donor.

## **9. Amendments**

9.1 The Project Agreements may only be amended by written agreement of the Parties. Any amendment to these Standard Provisions must be agreed upon by UNOPS and all Donors to the Initiative.

## **10. Termination and Refund**

10.1 The Project Agreements may be terminated by either UNOPS or a Donor, or any Donor or UNOPS may cancel all or part of the Donor's pro rata share of any remaining balance of the Contributions, upon three (3) months' prior written notice. Upon such termination, unless the Parties hereto agree on another course of action: (a) any agreement entered into between UNOPS, and any consultants and/or other third parties, including any Grant Agreement or alternative arrangements entered into with Implementing Partners, shall not be affected by the termination and UNOPS shall be entitled to continue to disburse the Donor's pro rata Contribution in respect of such agreements to the extent necessary to fulfill UNOPS' obligations thereunder as if that Project Agreement had not been so terminated; and (b) UNOPS shall return to the Donor the balance of the Contribution which has not been spent or committed at the time of termination on a pro rata basis.

10.2 In addition, the Donors agree to pay costs attributable to the reduction, suspension or termination that UNOPS may incur or may have incurred in carrying out the activities under the Project Agreements up to the effective date of the termination, including:

- a) Support costs on delivery of any of the Initiative's outputs;
- b) Reasonable additional costs of winding up any internal personnel costs and administrative arrangements made for the implementation of the Initiative, including the relevant work plan for the year.

10.3 Within six months following such termination, UNOPS shall furnish to the Donor a final unaudited financial statement with respect to the Contribution. Upon the return of unspent funds and the provision of a final financial statement, UNOPS' obligations under the Project Agreements shall be considered discharged.

10.4 All provisions of this Agreement, which are by their nature intended to survive the expiration or termination of this Agreement shall survive such expiration and termination.

## **11. Disclosure of Information**

11.1 All external and internal information with respect to the Project Agreements are subject exclusively to the disclosure and transparency requirements of UNOPS in accordance with its organisational directives and administrative instructions.

11.2 UNOPS shall keep the Donors informed of any changes, deviations or occurrences that may substantially influence the implementation of the Project Agreements.

## **12. Intellectual Property**

12.1 UNOPS shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents or other materials developed under the Project Agreements and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the implementation of the Project Agreements.

12.2 The Donors will enjoy a perpetual, royalty-free, non-exclusive and non-transferable license on UNOPS intellectual property or other proprietary rights developed under the Project Agreements and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the implementation of the Project Agreements.

12.3 Grantees and Implementing Partners will enjoy a perpetual, royalty-free, non-exclusive and non-transferable license on the intellectual property or other proprietary rights developed by them under the Project Agreements and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the implementation of the Project Agreements.

12.4 The Parties shall claim no rights on any pre-existing or materials unrelated to the Initiative developed by the other Party or their Grantees, Implementing Partners or Contractors.

## **13. Anti-corruption**

13.1 In accordance with the United Nations Staff Regulations and Rules, UNOPS requires its staff not to accept any honor, decoration, gift or remuneration from any third parties, if such acceptance is incompatible with their status as international civil servants. Similarly, UNOPS requires that its staff will not at any time and in any way use information known to them by reason of their official

position, to their private advantage and that they will not accept, hold or engage in any office or occupation which is incompatible with the proper discharge of their duties with UNOPS.

13.2 Where appropriate UNOPS shall promptly terminate arrangements with Grantees, Implementing Partners, recipients, partners, contractors or agents involved in irregularities, fraudulent behavior or corrupt practices in connection with this or any other actions implemented by UNOPS and financed under the Project Agreement, and shall take all reasonable measures to recover funds unduly paid. UNOPS will credit any funds so recovered to the Initiative's account in accordance with its Organizational Directives and Administrative Instructions. UNOPS' liability shall be limited to the proceeds recovered., UNOPS' legal costs directly associated with the recovery of such misused funds shall be chargeable to the Initiative.

13.3 UNOPS shall immediately inform the Donors of any illegal or corrupt practice in any activity financed under the Project Agreements, whether or not under UNOPS' responsibility, to the extent such notification does not jeopardize the conduct of UNOPS' investigation.

#### **14. Fraud**

14.1 UNOPS and its employees, agents, representatives and subcontractors will not engage in any Fraudulent Activity. UNOPS is responsible for preventing and detecting Fraud, and will use its best endeavours to ensure that its subcontractors do not engage in any Fraudulent Activity.

14.2 If UNOPS becomes aware of any detected, suspected or attempted Fraudulent Activity involving any activities funded in whole or in part with a Contribution made under the Project Agreements, UNOPS will report it promptly to the Donors, to the extent such notification does not jeopardize the conduct of the investigation. UNOPS will investigate the alleged Fraud and take action in accordance with UNOPS regulations, rules, policies and procedures.

14.3 Following the conclusion of any investigation which identifies a Fraudulent Activity, UNOPS will make every effort to recover any part of the Contributions that are the subject of Fraudulent Activity; refer the matter to the relevant police or other authorities responsible for prosecution of Fraudulent Activity unless exceptional circumstances exist, as deemed appropriate by the United Nations Office of Legal Affairs; credit any part of the Contributions misappropriated through fraudulent activities to a mutually agreed activity; and provide the Donors with regular updates, no greater than three (3) months, regarding the status of actions undertaken with respect to the Fraudulent Activity.

14.4 Where appropriate UNOPS will promptly terminate arrangements with partners, contractors or agents, involved in irregularities, fraudulent behavior or corrupt practices in connection with this or any other actions implemented by UNOPS and financed under the Project Agreements, and take all reasonable measures to recover funds unduly paid.

#### **15. Counter Terrorism**

15.1 Consistent with UN Security Council Resolutions relating to terrorism, including UNSC Resolution 1373 (2001) and 1267 (1999) and related resolutions, the Parties are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of the Donors to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. To those ends, UNOPS is committed to taking appropriate steps to ensure that funding provided by Donors to support the Project is not used to provide assistance to, or otherwise support, terrorists or terrorist organizations, and will inform the Donors in accordance with its Organizational Directives and Administrative Instructions.



**16. Child Protection**

16.1 UNOPS will not engage in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child. UNOPS will be responsible for protecting children from abuse of all kinds in the delivery of aid activities.

**17. Branding**

17.1 The Donors' financial support will receive substantial recognition in all documents and publications, media, speeches and other announcements associated with the Initiative.

**18. Settlement of Disputes**

18.1 Should the Donor be a national government, the Parties shall promptly and amicably through negotiation resolve questions of interpretation and application of the Project Agreement and any disputes arising out of or in relation to the Project Agreement.

18.2 Should the Donor be a UN agency or specialized agency under the UN, any controversy or claim arising out of, or in accordance with the Project Agreement which is not settled by negotiation will be resolved through consultation between the Executive Heads of each Party.

18.3 Should the Donor be any other entity, any controversy or claim arising out of, or in accordance with, the Project 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.

**19. Privileges and Immunities**

19.1 Nothing in or relating to any provision in the Project Agreements shall be deemed a waiver, express or implied, of the privileges and immunities enjoyed by the United Nations and/or UNOPS.

## ANNEX II –

**GOVERNANCE, STRUCTURES AND ROLES OF PARTNERS TO THE****Initiative to Support the development of Credible, Consistent  
and Comparable Monitoring, Reporting and Verification (MRV) Systems for  
National and Sub-national  
Climate Change Policies and Actions**

This Annex shall be applicable to and form an integral part of the Project Agreement between CIFF and UNOPS.

**1. Context**

Based on the number of intended national climate plans (“INDCs”) submitted by countries in 2015 under the UNFCCC, significant progress have been made in intended commitments to reduce greenhouse gas emissions since the Copenhagen pledges. However, the assessment of intended country pledges makes it very clear that the first round of intended climate plans for 2025 and 2030 will not be sufficient to reduce emissions enough to hold warming below 2°C.

In order to address this challenge, different stages of development and capabilities must be taken into account in transforming societies towards decarbonization and building a climate-resilient world. In order for the new climate agreement under the Convention to be universal, capacity building will be vital to enable countries on all levels of development to contribute to the global effort to reduce emissions and adapt to climate change, while especially those countries at the lower end of the development levels may need largest support.

Since the Earth Summit in 1992, when the world acknowledged for the first time the dangerous impact caused by anthropogenic greenhouse gas emissions, significant efforts have been undertaken to build the knowledge and expertise required to promote best practices in all countries, developed and developing alike. Countries at the lower end of development however, still experience capacity constraints that prevent them from measuring the effect of the climate and development policies they are undertaking and willing to put in place. Without the knowledge, tools, scientific expertise, public support, and institutional capacity needed for the implementation of climate policies and monitoring of policies’ effects, lesser developed countries are limited in their participation and are unable to effectively engage in the construction of a more ambitious international climate regime. In sum, efforts must be taken to build the long-term capacity of developing countries that have continued to fall short of their MRV needs.

CIFF established a multi-donor “Support for MRV” Trust Fund managed by UNOPS to address these capacity gaps and bring greater quality, transparency, trust and ambition to climate policies worldwide. The program target’ s an initial set of up to 20 developing countries by providing their policymakers and other stakeholders with the necessary tools and methodologies to understand the impact and effectiveness of national climate policies as well as to support the development of domestic MRV systems tailored to country circumstances.

By helping countries to make decisions and facilitate conversations rooted in trust and credible data, this initiative hopes to catalyze further improvements in the national and international MRV efforts and set in motion an upward implementation spiral of the necessary reporting and transparency systems within national contexts, enabling climate champions to raise domestic ambition.

The MRV Trust Fund is designed to finance activities at country, regional, and global levels that will make immediate and long-term, direct and indirect impacts, and result in sustainable improvements of the administrative, legislative, and institutional infrastructure within countries. This will include project preparation activities (e.g. methodologies, software, and other supporting tools), advisory work, technical assistance, and regional and international networking through peer exchange.

The UNOPS hosted and managed multi-partner/multi-stakeholder Trust Fund will support MRV and will focus on the following activities and outputs in the initial 20 countries:

1. **Pillar 1: Guidance for Policy and Action/MRV Architecture** - This pillar will develop an enabling and flexible framework for credibly determining (and reporting, where needed) the greenhouse gas, sustainable development, and transformational impacts of climate policies and actions. The framework will develop methodologies and guidance for designing and evaluating policies and actions, building upon the Greenhouse Gas Protocol *Policy and Action Standard*, including further guidance on specific sectors, sustainable development, transformational change, stakeholder participation, and independent assessment.

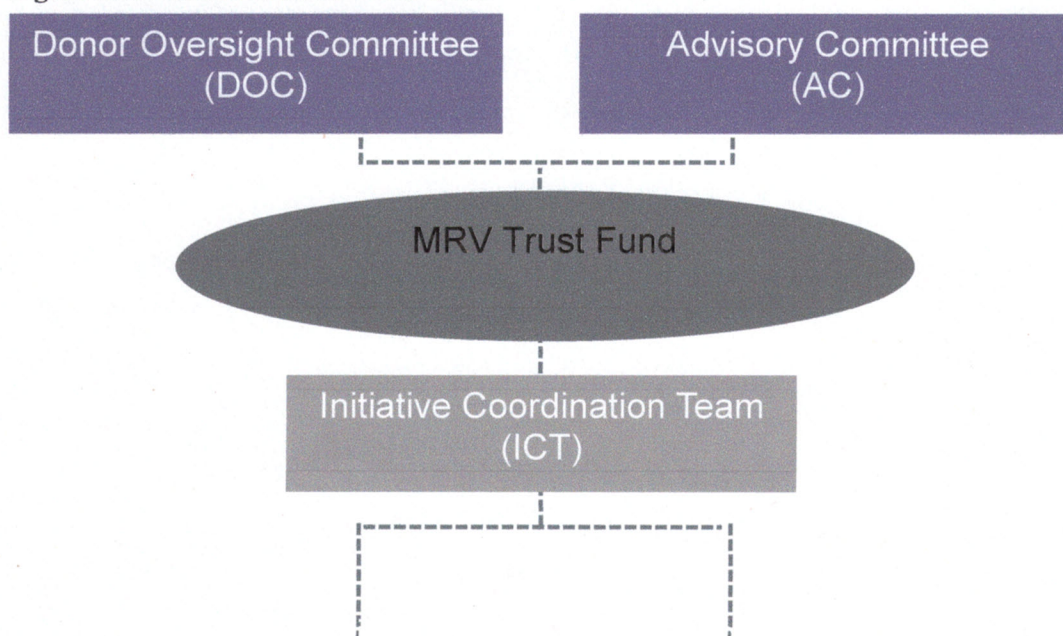
2. **Pillar 2: MRV Capacity Building**- This pillar will entail strengthening domestic MRV systems and build on national institutional arrangements by augmenting MRV capacity in participating developing countries to enhance their data quality and better support the decision-making process. By creating enabling conditions for MRV, Pillar 2 will utilize the results of the Policy and Action Framework and provide feedback on application experiences. This feedback will be utilized for building capacities through the application of the approaches, policies and measures identified. The lessons learned will inform and improve the design and implementation of domestic MRV systems as well as outputs of Pillar 1. The capacity development activities will be implemented in close collaboration with national stakeholders and with their full involvement. The initiative will engage national expertise in assessment, analysis and deployment of capacity development programmes guided by international expertise, as required.

A detailed description of activities under each of the pillars is provided in Annex III.

## 2. Oversight Bodies of the MRV Trust Fund

In undertaking the MRV Trust Fund there will be a need to address oversight and operational issues related to the Initiative, as well as provide overall guidance to the MRV Trust Fund. Each of these efforts will be led by the Donor Oversight Committee with guidance from the Advisory Committee (together, being the MRV Trust Fund Oversight Bodies). Figure 1. below outlines the structure of the MRV Trust Fund for the Project.

**Figure 1. Structure of MRV Trust Fund**



### 2.1. Donor Oversight Committee (“DOC”)

The Donor Oversight Committee shall provide the overall strategic direction of the MRV Trust Fund in close consultation with the Advisory Committee. The DOC shall be responsible for: (a) promoting the expansion of the MRV Trust Fund through partnerships and fundraising in addition to ensuring their own timely financial contributions, as per their pledges and commitments; (b) establishing performance measures; (c) approving the annual work plans and corresponding budgets to be implemented by UNOPS, directly or through Grantees and/or Implementing Partners; (d) setting out the operational procedures of the MRV Trust Fund; and (e) appointing a secretary to the DOC.

The DOC shall consist of up to one (1) representative from UNFCCC, UNOPS and each Donor. Each Donor will be entitled to one (1) vote, whilst UNFCCC and UNOPS shall have no voting rights.

At the first meeting of the DOC, a chairperson shall be appointed by unanimous vote (the “Chair”) for an initial term of one (1) year. The appointment may be extended, by unanimous vote, by additional one year terms for a maximum of two years.

The DOC shall meet promptly upon the commencement of the MRV Trust Fund and at least twice per year thereafter. Meetings may be conducted by telephone, however at least one meeting must be held in person.

The DOC follows the general understanding of unanimity, where decisions are made with one accord. The Chair shall have the role of consensus builder, ensuring that unanimity is reached as seamlessly as possible. In the event of disagreement in which time-sensitive matters are to be approved, the Chair, as representative of the DOC, may consult the Advisory Committee

for their guidance. In these situations, decisions may be taken by email, if necessary, to ensure expediency. Furthermore, in time-sensitive situations, where there is no time to consult the Advisory Committee, the Chair may decide to subject a decision to a majority vote, thus requiring at least two-thirds support for the proposal to proceed (as opposed to the usual threshold of unanimity).

The DOC members are responsible for covering their own expenses in relation to DOC activity.

## **2.2 Advisory Committee (“AC”)**

The Advisory Committee shall provide strategic advice on the overall vision, direction and growth of the MRV Trust Fund. The AC shall be responsible for: (a) providing strategic advice to the DOC on the vision and direction of the MRV Trust Fund to achieve maximum impact; (b) providing guidance on the development of the international architecture (Pillar I) requirements; (c) providing guidance on capacity building elements (Pillar II) of MRV Trust Fund; and (d) promoting the expansion of the MRV Trust Fund through partnerships and fundraising at the request of the DOC.

The AC shall consist of between fifteen (15) and twenty (20) representatives selected by the DOC (the “AC Representatives”). The DOC shall be responsible for establishing the selection criteria for AC Representatives. Representatives from NGOs, think tanks and multi-lateral organisations shall be eligible for selection and regional thought leaders from partner countries shall make up the majority of the AC Representatives.

Each of the AC Representatives shall be appointed for a one-year term, extendable by additional one-year terms up to a maximum of two (2) additional years. The AC Representatives shall be appointed by unanimous decision of the DOC, unless a majority vote is requested by the Chair.

The AC Representatives shall be unpaid, except for reimbursement of travel and accommodation costs, including a per diem in accordance with the UNOPS regulations. AC Representatives shall seek the reimbursement of these costs and payment of the per diem directly with the MRV Trust Fund Secretariat.

The AC shall meet promptly upon the commencement of the MRV Trust Fund and at least twice per year thereafter. Meetings may be conducted by telephone, however at least one meeting must be held in person. Ideally, meetings of the AC should take place consecutively with meetings of the DOC to enable due consideration by the DOC of any recommendations by the AC. In practical terms, this will mean that the AC will meet on the first day of meetings, following which the DOC will meet over one or two half days, as required. DOC members should be invited as observers to the AC meetings. The Chair of the DOC shall also be the Chair of the AC meeting, unless decided otherwise by the DOC.

## **3. Implementation Partners (Grant recipients) of the MRV Trust Fund**

The implementation partners of the MRV Trust Fund comprise the Implementation Coordination Team (“ICT”). The ICT is entrusted with the coordinated implementation of the work programme as approved by the DOC.

The ICT is composed of implementing partner institutions, initially the Verified Carbon Standard (“VCS”), the United Nations Environment Programme – Danish Technical University (“UNEP-DTU”) and the World Resources Institute (“WRI”). UNEP-DTU, WRI and VCS have been pre-selected by CIFF as grant recipients under this initiative and UNEP-DTU and VCS will be engaged by UNOPS under grant agreements, with WRI being engaged

under sub-grant agreement directly with VCS or UNEP-DTU, as the case may be. The selection has been made in accordance with CIFF regulations, rules and procedures, which include a rigorous selection process. Furthermore, since the pre-selection is outside UNOPS' control, CIFF recognizes and agrees that UNOPS shall not be accountable, or otherwise carry any liability, for the performance of the pre-selected entities.

The implementing partners shall be responsible for ensuring that the entire MRV Trust Fund is progressing, both in respect of work product and deliverables and in providing inputs for DOC and AC deliberations and decision making. The ICT shall work closely with UNOPS, to submit any document or deliverable that requires DOC or AC review, guidance and/or approval.

UNOPS will act as Secretariat of the MRV Trust Fund and, as such will ensure that the meetings are convened in good time, pre-reading materials are distributed and minutes are taken. The ICT, under the guidance of the Chair of the DOC and AC, will prepare the pre-reading materials and content of the meetings. UNOPS will be responsible for distribution, upon instruction by the Chair.

Financial expenditure reports and proposals shall be submitted to the DOC, via UNOPS, as the appointed Secretariat for the MRV Trust Fund.

Specific requests for guidance regarding the requirements of the Project may be submitted to the AC, upon previous guidance from the DOC, and via UNOPS.

The work of each pillar will be managed by the lead implementation partner for each pillar which will consist of staff and resources assigned to them by the respective partner organization. In a first phase, Pillar I shall be managed by VCS and Pillar II by UNEP-DTU. Each lead organization will determine its own needs with regards to the governance structure of their respective pillar, in close coordination with the other key Implementing Partners and UNOPS, to ensure the smooth overall running of the Project.

A detailed description of Terms of Reference under Pillar 1 and Pillar 2 is attached as Annex III. It is understood that such TORs may be amended or modified in accordance with the development of the initiative. The DOC will approve amendments and adjustments as required.

#### **4. Implementation Coordination Team**

The ICT shall ensure the coordinated development and implementation of the two pillars (as depicted in Figure 1 of section 2 above.).

The ICT shall be responsible for providing input to and coordinating with the DOC and AC for decision making, via UNOPS under the guidance of the Chair of the DOC and AC.

The ICT will consist of VCS, WRI and UNEP DTU, unless otherwise decided by the DOC and so communicated to the Implementing Partners.

The ICT will meet not less than once per quarter, either in person or remotely.

## 5. Management Support Services

The initiative will be funded through various voluntary contributions of members to the MRV Initiative into a Trust Fund (the MRV Trust Fund). UNOPS is providing management support to the initiative, such as the provision of fiduciary services to manage the contributions to the MRV Trust Fund. UNOPS will also provide specific management services, mainly grant management support to the implementation of the identified activities and miscellaneous secretarial assistance in support to the operation of the Steering Committee of the MRV Support Initiative.

Activities directly implemented by UNOPS shall comply with the relevant UNOPS Organizational Directives and Administrative Instructions, including those regarding pre-selection of grantees and implementing partners

It is understood that Donors joining the Initiative ratify the pre-selection decision made by CIFF of UNEP-DTU, WRI and VCS (amounting to a post facto delegation of authority to CIFF). Therefore, all Donors recognize and agree that the performance of the grant recipients' is outside UNOPS' control, and consequently UNOPS shall not be accountable, or otherwise carry any liability, for the performance of the pre-selected entities as stated above.

All members of the AC shall delegate to a single Donor the authority to make pre-selection decisions in accordance with the template at section 5.1 below (the "**Delegation of Pre-Selection Decision Template**"). Thereafter, the Donor with delegated authority shall notify UNOPS of the pre-selection decision in accordance with the pre-selection template at section 5.2 below (the "**Notification of Pre-Selection Template**"). It is understood that when a new Donor joins the initiative it ratifies active pre-selection decisions made prior to the Donor joining the MRV Initiative.

This section is conditional to UNOPS receiving proper pre-selection letters in accordance with the format set out in sections 5.1 and 5.2 below and as specified above:

### 5.1. Delegation of Pre-Selection Decision Template

[Donor letterhead]

United Nations Office for Project Services (UNOPS) Marmorvej 51, PO Box 2695, 2100 Copenhagen, Denmark

Attention: [UNOPS Contact Person]

Dear [UNOPS Contact Person],

RE: LETTER OF DELEGATION OF PRE-SELECTION FOR THE MRV INITIATIVE

We refer to the Agreement signed between [donor] and UNOPS on [date] regarding the MRV Initiative.

Donor now writes to inform UNOPS that in accordance with the MRV Initiative's governance documentation the Donor hereby delegates all pre-selection decisions to [name of delegate, Donor member of the DOC]. The [Donor ] understands that the [Donor delegatee], in selecting the pre-selected entities, has complied with applicable internal rules regulations and procedure of the Donor delegatee.

Furthermore, since the pre-selection is outside UNOPS' control, the [Donor] recognizes and agrees that UNOPS shall not be accountable, or otherwise carry any liability, for the performance of the pre-selected entities.

## **5.2. Notification of Pre-Selection Decision Template**

[Donor letterhead]

United Nations Office for Project Services (UNOPS) Marmorvej 51, PO Box 2695, 2100 Copenhagen, Denmark

Attention: [UNOPS Contact Person]

Dear [UNOPS Contact Person],

RE: LETTER OF NOTIFICATION OF PRE-SELECTION FOR THE MRV INITIATIVE

We refer to the Agreement signed between [donor] and UNOPS on [date] regarding the MRV Initiative.

We further refer to the delegation of pre-selection issued by [donors members of the DOC].

{Donor} now writes to inform UNOPS that in accordance with the MRV Initiative's governance documentation, including the delegations referred to above, the {Donor} hereby informs UNOPS that, in compliance with its applicable internal rules regulations and procedure, it has pre-selected the following grantees and implementing partners:

[Details of the Grantee/Implementing Partner, activities, budget allocations and any other relevant information would need to be provided in agreement with UNOPS].

Furthermore, since the pre-selection is outside UNOPS' control, the [Donor] recognizes and agrees that UNOPS shall not be accountable, or otherwise carry any liability, for the performance of the pre-selected entities.



### ANNEX III – DESCRIPTION OF ACTIVITIES AND IMPLEMENTATION PLAN

The Initiative will run for four years, starting on 2 November 2015 and running to 1 November 2019. The two tables below provide the implementation plan, with Outcome 1 activities in the first table and Outcome 2 activities in the second. VCS is responsible for all Outcome 1 activities and UNEP DTU Partnership is responsible for all Outcome 2 activities. Outcome 1 will complete after three years, with the remaining year being for capacity building around the finalized Policy and Action Framework.

Outcome 1									
<p>The activities described below are the steps for developing the Policy and Action Framework. The development process is inclusive, with the objective of engaging stakeholders early and ensuring the Framework meets their needs.</p> <p>The Framework will have a number of components (set out in Outputs table above), each of which will be comprised of a guidance document, and accompanying tools where deemed useful.</p> <p>For the registry platform, an options paper will be developed given that it is considered premature to build a platform at this time. For independent assessment guidance will be developed, as well as an options paper laying out proposals for enhanced auditing and oversight (it is considered premature to implement these proposals at this time).</p> <p>Components of the Framework will be developed through technical working groups, which will be chaired by the partners and will enlist external experts.</p>									
Activity	Description	Indicator	Year 1				Years 2, 3, 4		
			Q1	Q2	Q3	Q4	Y2	Y3	Y4
1.1 Conduct stakeholder interviews	Understand needs of countries and potential funders. Explore all themes relevant to the various components of the Framework.	Report with full analysis of interviews, including conclusions for design of the Framework							
1.2 Convene working groups	Technical working groups (TWGs) and broad review groups (RGs) are convened for each component of the Framework	Terms of reference for each group established; members recruited							
1.3 Develop first draft of guidance	TWGs develop first draft of guidance	First draft of guidance							
1.4 Solicit stakeholder input	Conduct calls/workshops to solicit input from the RGs	Report summarizing comments from review groups							
1.5 Develop second draft of guidance	TWGs develop second draft of guidance	Second draft of guidance							
1.6 Pilot test guidance	Assist with pilot testing of guidance with pilot countries	Summary report of lessons from pilot testing							
1.7 Develop third draft of guidance	TWGs develop third draft of guidance, based on feedback from pilot country testing	Third draft of guidance							

1.8 Conduct public consultation	Conduct public consultation on third draft of guidance	Summary report of public consultation comments								
1.9 Finalize guidance	Finalize and release the guidance, and conduct training workshops	Final guidance								
1.10 Assess results-based finance opportunities	Analyse existing, and potential for new, public and private funding sources/mechanisms to support policies and actions, and provide guidance on how countries could access such funding	Analysis report and guidance								
1.11 Facilitate linkages with large-scale funding sources	Engage major public and private finance sources on the Framework, and together work with countries to create and propose (eg, to GCF) new funding pathways for policies and actions	Key funders engaged and financing models developed and proposed								
1.12 Test Framework with funding sources	Pilot draft Framework with major public and private funders, and foster development of finance pathways to support policies and actions	Framework piloted with funders and finance pathways established								
1.13 Contribute to project management	Support launch, development of communications and knowledge-sharing platform, and overall project management	Successful launch of Initiative; Initiative website, with knowledge-sharing platform								



**Outcome 2**

The activities described below are the steps for strengthening the MRV capacities and institutional systems. The activities will be carried out in close partnership with country partners and national experts.

The implementation will involve all the key stakeholders within the country, especially country knowledge centres to develop, fine tune and implement the capacity development plan. Further, the country specific domestic MRV system will be developed in close consultation with key stakeholders and institutions to ensure ownership. Activities will include sharing of experiences with the larger MRV community and other countries.

Activity	Description	Indicator	Year 1				Years 2, 3, 4		
			Q1	Q2	Q3	Q4	Y2	Y3	Y4
2.0	Establish management and institutional arrangements for implementation of activities for Outcome 2	Inception report							
2.1.1	Establish country engagement and management arrangements	Training module on capacity development on MRV of policies and actions developed							
2.1.2	Assess country needs for capacity development on MRV approach								
2.1.3	Develop generic approach for capacity development on MRV of policies and actions								
2.2.1	Review of literature and experience on development of MRV systems	Good practice guidelines for establishing domestic MRV systems							
2.2.2	Develop good practice guidance for establishing domestic MRV systems								
2.3.1	Country-specific assessment and identification of current status and needs for MRV	Country specific capacity development program implemented							
2.3.2	Develop country specific capacity development plan								
2.3.3	Implementation of in-country capacity development activities, including piloting of Framework in partner countries								
2.4.1	Undertake assessment of country monitoring and evaluation systems	Country specific recommendations for establishing domestic MRV systems							
2.4.2	Develop country specific domestic MRV systems and recommendations								
2.5.1	Support outreach activities and content management of knowledge management	Regularly updated communication platform with							

	platform, and overall project management	Outcome 2 outputs and activities							
2.5.2	Knowledge products to disseminate lesson learned and good practices for capacity development	Knowledge products developed and disseminated through communication platform							



### ANNEX IV – BUDGET

The budget covers the activities necessary to meet Outcomes 1 and 2, for an initial overall scope of USD 10 Mil. If and when new donors join the MRV Trust Fund and the available resources exceed the USD 10 Mil threshold, the DOC would approve an new workplan and corresponding budget to cover new/expanded outcomes and activities.

Expenditure for Outcome 1 (Pillar 1)	US\$
Framework development, management	505,000
Stakeholder interviews	70,000
Policy and Action Framework Guide	155,000
Stakeholder participation guidance	165,000
Sustainable development guidance	580,000
Transformational change guidance	250,000
Sector guidance – Energy	260,000
Sector guidance – Transport	260,000
Sector guidance – Forestry	260,000
Sector guidance – Agriculture	260,000
Independent assessment guidance and options paper	165,000
Registry platform options paper	70,000
Assessment report in finance opportunities and associated guidance	110,000
<i>Other Work</i>	
Manage events, communications, outreach, knowledge sharing platform	500,000
Internal management, including oversight of subcontractors and audits	295,000
<i>Pillar 2 contribution to SD, TC and other Outcome 1 activities</i>	<i>(250,000)</i>
<i>Sub-total, Outcome 1</i>	<i>3,655,000</i>
<i>Overhead 10%</i>	<i>365,500</i>
<i>Total Outcome 1 costs with 10% overhead</i>	<i>4,020,500</i>
<i>Less funds already disbursed by CIFF (\$324,138)</i>	<i>3,696,362</i>

Expenditure for Outcome 2 (Pillar 2)	US\$
In-country engagement (20 countries, data collection, assessment and alignment with national processes, institutional strengthening, training workshops - outputs 2.3 and 2.4)	2,500,000
Development of outputs 2.1 and 2.2 Technical assistance to countries, including travel, in achieving output 2.3. and 2.4 Development of knowledge projects	2,500,000
Support to development of SD, TC and other Outcome 1 activities	250,000
Support to outreach and knowledge sharing platform related to output 2	75,000
Country engagement, travel and other support for piloting of Framework in partner countries	550,000
Internal management, including oversight of subcontractors and audits	225,000
<i>Pillar 1 support to piloting of Framework with partner countries</i>	<i>(550,000)</i>

<i>Sub-total, Outcome 2</i>	5,500,000
<i>Overhead 10%</i>	n/a

Total Expenditures	US\$
Total Outcome 1	3,696,362
Total Outcome 2	5,550,000
<i>Total Budget</i>	9,246,362
<i>Travel costs for AC and DOC meetings</i>	82,000
<i>UNOPS management support (direct)</i>	209,320
<i>UNOPS management support (indirect - 5% of Total Budget)</i>	462,318
<b><i>Total Grant Project Cost</i></b>	<b>\$10,000,000</b>