UNITED NATIONS ENVIRONMENT PROGRAMME
SMALL-SCALE FUNDING AGREEMENT (SSFA)
FOR A
GLOBAL ENVIRONMENT FACILITY Project Preparation Grant (PPG) of the project
Building Climate Resilience through Rehabilitated Watersheds, Forests and Adaptive
Livelihoods

This SMALL SCALE FUNDING AGREEMENT (SSFA) and its Annexes (this "Agreement") is made:

BETWEEN: United Nations Environment Programme (hereinafter referred to as "UNEP"), an
international inter-governmental organization established by the General
Assembly of the United Nations, represented by its Division of Environmental
Policy Implementation and having its office at United Nations Avenue, Gigiri,
P.O. Box 30552, Nairobi, Kenya.

AND: Ministry of Production, Environment, Energy, Industry and Crafts (APEIIA) -
Directorate of Environment and Forests (hereinafter referred to as the
"Executing Agency"), a government ministry represented by its the Director
General of Environment and Forests and having its office at MDE EX-
CEFAFDER BP 41 Moroni – COMORES

hereinafter collectively referred to as: "The Parties".

Purpose/Objective

1. The Agreement sets forth the terms and conditions of the cooperation between The Parties for the
   execution of the Project Preparation Grant (PPG) of the project Building Climate Resilience
   through Rehabilitated Watersheds, Forests and Adaptive Livelihoods as set out in the Project
   Identification Form (PIF) appended as Annex 2 and approved by the Global Environment Facility
   (GEF) Chief Executive Officer (CEO) in the letter dated 1 July 2014 appended as Annex 1

2. The main objective of the PPG is the preparation of a CEO Endorsement request document for a
   Full Size Project, in line with the approved PIF and the latest UNEP and GEF guidelines and
   templates. The PIF setting out the full details of the proposed PPG is appended as Annex 2.

Interpretation

3. All Annexes appended to this Agreement shall be construed as an integral part of this
   Agreement.

Duration

4. This Agreement shall come into force upon signature by The Parties from the date of the latest
   signature, and shall remain in force until 30 January 2016¹, unless terminated pursuant to
   paragraphs 33 and 34 of this Agreement. The PPG milestones, as set in the CEO approval letter
   appended in Annex 1, shall be adhered to. In the event that a milestone cannot be met, EA shall
   inform UNEP one month before the date of the milestone to enable UNEP to comply with the
   terms of the CEO approval.

Cooperation

5. The Parties shall carry out their respective responsibilities in accordance with the provisions of
   the Agreement.

6. The Parties shall determine and communicate to each other the persons appointed as having the
   authority and responsibility for the PPG implementation on their behalf.

¹ The legal instrument remains in force for 6 months after the PPG operational completion date defined in Annex 4 to allow
for receipt for all terminal reporting
7. Contact details for correspondence on substantive and technical matters as well as on administrative and financial matters are as set out in Annex 3.

8. The Executing Agency shall only use the UNEP and GEF name, logo and emblem in connection with the PPG with the prior written consent of UNEP.

9. The Executing Agency shall not seek nor accept instructions regarding the activities under the present Agreement from any Government or other authority external to UNEP.

10. The Executing Agency shall refrain from any conduct that would adversely reflect on the United Nations and shall not engage in any activity which is incompatible with the aims and objectives of the United Nations or the mandate of UNEP.

11. The total cost of the PPG is USD$100,000 which is GEF financing only. Any additional co-financing mobilized by the Executing Agency during PPG execution should be recorded and included in the PPG report (Annex C) of the Request for CEO Endorsement Form (Annex 8).

12. For detailed budget breakdown of GEF funds, refer to Annex 5.

Terms and obligations of UNEP

13. UNEP agrees to provide, in its role as GEF implementing agency, PPG oversight (through the Task Manager and Fund Management officer). Specifically this will include:

a) Timely feedback on all substantive and financial issues;
b) Review and approve any changes to the implementation plan and detailed timetable during the inception and implementation of the PPG;
c) Participate and provide substantive inputs to Stakeholder Workshops, Steering Committee meetings and any other required meetings of the PPG;
d) Provide technical support and assistance to the PPG team where required;
e) Process PPG revisions if applicable for e.g changes to budget or workplan or activity etc;
f) Ensure communication and information exchange between the Executing Agency, UNEP, and all other relevant organizations, institutions, programmes and projects;
g) Liaise with the GEF Secretariat for all matters related to the PPG.
h) As agreed with the Executing Agency Annex 9 and in accordance with the UN/UNEP regulations and rules, UNEP shall be responsible for the acquisition/implementation of international consultant for up to maximum amount of USD$45,000.

Terms and obligations of the Executing Agency

14. The Executing Agency agrees to:

a) Provide support to, and liaise with all key national and international project executing partners and stakeholders, based on guidance from UNEP Task Manager and in line with the PIF;
b) Deliver the outputs and demonstrate its best efforts in achieving the results/impacts stipulated in the PPG implementation plan appended as Annex 4;
c) Notify UNEP in writing on the need for any deviations/modifications to the agreed Implementation Plan or Budget, for approval;
d) Implement the PPG activities in accordance with standard Executing Agency Rules and established business processes;
e) Keep records and documentation pertaining to any cash and in-kind co-financing mobilized for inclusion in the final PPG report (Annex C) of the Request for CEO Endorsement/Approval Form (Annex 8);
f) Report to UNEP in accordance with paragraphs 27 to 29 of this Agreement.

Personnel administration

15. The Executing Agency shall be solely and completely responsible and accountable for all services performed by its personnel, agents, employees, or contractors (hereinafter referred to as "Personnel").

16. The Executing Agency shall be considered as having the legal status of an independent contractor. Personnel of the Executing Agency's contractors or anyone else working for the Executing Agency in the execution of the PPG or otherwise, are not employees of UNEP and are
not covered by the privileges and immunities applying to UNEP and its staff pursuant to the Convention on the Privileges and Immunities of the United Nations. UNEP shall not accept any liability for claims arising out of the activities performed under the Agreement, or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by the Executing Agency’s Personnel as a result of their work pertaining to the activities under this Agreement.

17. The Executing Agency shall ensure that the personnel assigned to the PPG meets the highest standards of qualification and technical and professional competence necessary for the achievement of the objectives and results of the PPG, and that decisions on employment related to the PPG shall be free of discrimination of any nature. The Executing Agency shall ensure that all personnel are free from any conflicts of interest relative to the PPG activities.

Cash advances

18. The funds shall be provided in accordance with the banking details noted below (ref Third Party Form appended as Annex 6A for details):

<table>
<thead>
<tr>
<th>Bank Account Name:</th>
<th>APPUI A LA DIRECTION GENERALE DE L’ENVIRONNEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Name:</td>
<td>SNPSF</td>
</tr>
<tr>
<td>Bank Address:</td>
<td>Moroni-Port</td>
</tr>
<tr>
<td></td>
<td>MORONI AA2 Comores</td>
</tr>
<tr>
<td></td>
<td>TEL: +269 773 43 43 FAX: +269 773 80 30</td>
</tr>
<tr>
<td>Bank Account Number:</td>
<td>20000502481</td>
</tr>
<tr>
<td>Bank ABA/ Swift Code:</td>
<td>HAHMKMKM</td>
</tr>
<tr>
<td>IBAN No:</td>
<td>502428</td>
</tr>
<tr>
<td>Signatories:</td>
<td>ISMAEL BACHIROU</td>
</tr>
</tbody>
</table>

19. UNEP shall provide the Executing Agency with funds up to a maximum amount of US$55,000. The resources provided by UNEP shall only be used by the Executing Agency in pursuit of the PPG objectives and for the activities to achieve the results as agreed to in the PPG implementation plan appended as Annex 4.

20. An initial cash advance of US$20,000 shall be transferred from UNEP upon signature of this Agreement by both parties.

For PPG over 6 months

Subsequent transfers shall be made upon receipt of the cash advance request using the format appended on Annex 6B and submission by EA to UNEP of interim reports as required by paragraph 28 of this Agreement.

The last payment shall be made upon confirmation of the successful completion of all the activities and submission by Executing Agency to UNEP of:

- satisfactory outputs expected of this PPG in accordance with the implementation plan appended as Annex 4; and
- acceptance of reports as required by paragraph 28 of this Agreement.

21. The total expenditure incurred by the Executing Agency under this Agreement shall not exceed the CEF-approved budget as set out in paragraphs 11 and 12. Any expenditure in excess of this budget is the sole responsibility of the Executing Agency. Prior approval of UNEP is needed in cases where there may be a cost over-run in a budget sub-line to another.

For Government as EA

22. No personnel costs (except for procurement of consultant services), or procurement of goods shall be authorized under the PPG budget. This clause is only applicable to PPGs.
Unspent balance

23. Any portion of cash advances remaining unspent or uncommitted by the EA on completion of the PPG shall be returned to UNEP within one month of the presentation of the final statement of account. In the event that there is any delay in such disbursement, the Executing Agency shall be financially responsible for any adverse movement in the exchange rates.

24. Within 3 months upon expiry of this Agreement, the Executing Agency shall refund to UNEP any unspent balance of the above funds, unless otherwise agreed with UNEP.

Maintenance of records

25. The Executing Agency shall keep accurate and up-to-date records and documents in respect of all expenditures incurred with the funds made available by UNEP under this Agreement, to ensure that all expenditures are in conformity with the provisions of this Agreement and its Annexes thereto.

26. Upon completion of the PPG or termination of this Agreement, the Executing Agency shall maintain the records for a period of at least 3 years unless otherwise agreed upon between the Parties.

Reporting requirements

27. All reporting shall be in English and financial reporting in US dollars, and any exchange difference accounted for within the total GEF-approved US dollar PPG budget.

28. The Executing Agency shall submit to UNEP, on or before the dates below, the reports as follows:

<table>
<thead>
<tr>
<th>Report</th>
<th>Template appended as</th>
<th>Reporting period</th>
<th>Date required per Annex 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>For PPG over 6 months</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure statement</td>
<td>Annex 7</td>
<td>December 2014 to March 2015</td>
<td>30 April 2015</td>
</tr>
<tr>
<td>PPG inception report</td>
<td>Format to be agreed with Task Manager</td>
<td>January to February 2015</td>
<td>15 March 2015</td>
</tr>
<tr>
<td>Terminal reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure statement</td>
<td>Annex 7</td>
<td>April 2015 to September 2015</td>
<td>30 November 2015</td>
</tr>
<tr>
<td>Co-finance report (applicable if cofinance mobilised during PPG execution)</td>
<td>Templates provided by UNEP as part of Annex 8</td>
<td>December 2014 to December 2015</td>
<td>31 December 2015</td>
</tr>
<tr>
<td>Final report – Request for CEO Endorsement/ Approval</td>
<td>Templates to be provided by UNEP</td>
<td>n/a</td>
<td>1 October 2015</td>
</tr>
</tbody>
</table>

Financial report

29. The Executing Agency shall submit expenditure statements on the use of funds provided per the format provided in Annex 7, and per the reporting period specified in paragraph 28 of this Agreement within 1 month of the end of the period to which they refer.
Audit

30. UNEP has the right, at its own expense, to have the records of the Executing Agency related to this cooperation reviewed and audited.

Logos and emblems

31. In no event will authorization of the GEF or UNEP name (or any abbreviation thereof), logo or emblem be granted for commercial purposes.

Non-compliance

32. The Executing Agency shall comply with all the above mentioned provisions and agrees that UNEP reserves the right to withhold any payment due to Executing Agency non-compliance with any of the provisions mentioned hereinabove.

Suspension and termination

33. Either party may terminate this Agreement upon serving a written notice to the other party at least 1 month prior to such termination.

34. This PPG and the associated project proposal may be cancelled/terminated/suspended for several reasons including changes in national priorities, poor implementation performance, lack of compliance with financial or reporting obligations.

Dispute settlement

35. Any dispute arising out of or in connection with this Agreement shall be settled amicably between UNEP and the Executing Agency. Should attempts at amicable negotiation fail, any such dispute shall, upon request by either party, be referred to arbitration in accordance with the UNCITRAL arbitration rule. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

Privileges and immunities

36. Nothing in or relating to this Agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations and UNEP.

Notification and amendments

37. This Agreement or its Annexes may be modified or amended only by written agreement between the Parties.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties affix their signatures below.

For:
United Nations Environment Programme

By:
Mette L. Wilkie
Director, Division of Environmental Policy Implementation (DEPI)
UNEP

Date: 23/01/14

For:
Ministry of Production, Environment, Energy, Industry and Crafts (APEIIA) - Directorate of Environment and Forests

By:
Ismael BACHIROU
Director General for the Environment and Forests

Date: 09/12/2014
LIST OF ANNEXES TO THE SMALL SCALE FUNDING AGREEMENT

Annex 1  CEO approval letter
Annex 2  Approved Project Identification Form (PIF)
Annex 3  Contact details
Annex 4  PPG implementation plan
Annex 5  PPG Budget in UNEP format
Annex 6A  Third party form
Annex 6B  Cash advance template
Annex 7  Quarterly expenditure statement template
Annex 8  Request for CEO Endorsement/Approval
Annex 9  Request for partial execution of PPG

Note: The template for the Request for CEO Endorsement/Approval (the main deliverable expected from the SSFA) will be provided by UNEP based on the latest guidance from GEF at the time of PPG implementation. This also includes an Annex with a template for reporting on the PPG’s GEF and co-finance expenditures.