

Annex 2

**STANDARD ADMINISTRATIVE ARRANGEMENT (SAA)
FOR
THE ECUADOR YASUNI ITT TRUST FUND**

**Standard Administrative Arrangement
between
[Name of Contributor],
and
the United Nations Development Programme**

WHEREAS, the Government of Ecuador (hereinafter the “Government”) has proposed to indefinitely refrain from extracting the oil reserves in the Ishpingo Tambococha Tiputini (ITT) field, within the Yasuni National Park, in order to put social and environmental values first;

WHEREAS, the Government has conditioned its proposal on the cooperation of the international community through contributing at least half of the revenue that the Government would have received by extracting the oil reserves from the ITT field, within the Yasuni National Park;

WHEREAS, the Government has requested United Nations Development Programme (UNDP) through its Multi-Donor Trust Fund Office (MDTF Office) (hereinafter referred to as the “Administrative Agent”) to provide management and other support services in connection with the administration of the **ECUADOR YASUNI ITT TRUST FUND** (hereinafter the “Yasuni Fund”) as described in the Memorandum of Agreement (MOA) between the Government and UNDP for Management and Other Support Services related to the Yasuni Fund concluded on 3 August 2010.

WHEREAS, the Yasuni Fund shall start on 3 August 2010 and be open for receipt of contributions until reaching 407 million metric tons of Carbon Dioxide (CO₂) not emitted as a result of preserving the Yasuni ITT oil reserves, as more fully described in the Terms of Reference of the Yasuni Fund (hereinafter referred to as the “Yasuni Fund TOR”), a copy of which is attached hereto as **ANNEX A**, and to facilitate the effective and efficient collaboration between the Government and Contributors (as defined in the Yasuni Fund TOR), the Administrative Agent, and other stakeholders for the implementation of the Yasuni Fund, a coordination and governance mechanism (hereinafter the “Steering Committee”) has been established;

WHEREAS, the Government has designated the Ministry of Heritage as the Government Coordinating Entity (hereinafter the “Government Coordinating Entity”), that would assume, on behalf of the Government, full financial and programmatic accountability for the funds disbursed to the Recipient and Implementing Organizations by the Administrative Agent;

WHEREAS, on behalf of the Government, as a management support service, UNDP as Administrative Agent has established a separate bank account under its financial regulations and rules for the receipt and administration of the funds received from contributors who wish to provide financial support to the Yasuni Fund through the Administrative Agent (hereinafter the “Yasuni Fund Account”); and

WHEREAS, [Name of Contributor] (hereinafter the “Contributor”) wishes to provide financial support to the Government, through the Fund on the basis of the Yasuni Fund TOR, as part of its development cooperation with the Government and wishes to do so through the Administrative Agent.

NOW, THEREFORE, the Contributor and the Administrative Agent (hereinafter referred to collectively as the “Participants”) hereby decide as follows:

Section I
Disbursement of Funds to the Administrative Agent
and the Yasuni Fund Account

1. The Contributor decides to make a contribution of **[amount in words] ([amount in figures])** and such further amounts as it may decide (hereinafter the “Contribution”) to support the Yasuni Fund. The contribution will enable the Recipient Organizations and Implementing Organizations, through the Government Coordinating Entity, to carry out the activities of the Yasuni Fund approved by the Steering Committee using the funds available in the two windows of the Yasuni Fund: the Capital Fund Window and the Revenue Fund Window, in accordance with the Yasuni Fund TOR, as amended from time to time in writing by the Steering Committee. The Contributor authorizes the Administrative Agent, providing management and other support services on behalf of the Government, to use the Contribution for the purposes of the Yasuni Fund and in accordance with this Standard Administrative Arrangement (hereinafter “Arrangement”). The Contributor acknowledges that the Contribution will be co-mingled with other contributions to the Yasuni Fund Account and that it will not be separately identified or administered.

2. The Contributor will deposit the contribution by wire transfer, in accordance with the schedule of payments set out in ANNEX B to this Arrangement, in convertible currencies of unrestricted use, to the following account:

For payment in USD:

Name of Account:	Ecuador Yasuni ITT Trust Fund (USD) Account
Account Number:	859308314
Name of Bank:	JPMorgan Chase Bank International Agencies Banking
Address of Bank:	270 Park Avenue, 43rd Floor New York, New York 10017
SWIFT Code:	CHASUS33
ABA:	021000021

3. When making a transfer to the Administrative Agent, the Contributor will notify the Administrative Agent’s Treasury Operations at mdtfo.treasury@undp.org and the MDTF Office at executivecoordinator.mdtfo@undp.org of the following: (a) the amount

transferred, (b) the value date of the transfer; and (c) that the transfer is from **[name of Contributor]** in respect of the Yasuni Fund in **Ecuador** pursuant to this Arrangement. The Administrative Agent will promptly acknowledge receipt of funds in writing.

4. Upon receipt of the contribution, the Administrative Agent will notify the Government to issue within 30 days the Yasuni Guarantee Certificate (CGY) to the Contributor in US dollars equivalent to the amount contributed, as further described in the Yasuni Fund TOR. The CGY will also include the metric tons of CO₂ avoided according to the price, at that date, of the European Union Allowances (EUAs) in the Leipzig Carbon Market. The CGY is an instrument that does not earn interest and does not have an expiration or maturity date as long as the Government maintains its commitment not to exploit the Yasuni ITT oil reserves indefinitely.

5. In the event that the Government decides to initiate oil prospecting in the Yasuni ITT oil fields within the Yasuni National Park, the Government shall notify the Administrative Agent in accordance with the Yasuni Fund TOR, following which the Yasuni Fund Account will be wound up so as to permit the orderly closure of the Yasuni Fund, including settlement of claims on issued CGY. To this end, the CGYs will entitle the holders to be reimbursed by the Government in US dollars¹ directly the equivalent of the face value of the CGYs as shall be agreed between the Government and the Contributor, except for contributions under a minimum threshold to be established by the Steering Committee in its Rules of Procedure. In that case, the uncommitted balance of the Capital Fund Window shall be used by the Government towards the reimbursement to the Contributor in the proportion to its contribution.

6. All financial accounts and statements will be expressed in United States dollars.

7. The US dollar value of a contribution-payment, if made in currencies other than United States dollars, will be determined by applying the United Nations operational rate of exchange in effect on the date of receipt of the Contribution. The Administrative Agent will not absorb gains or losses on currency exchanges. Such amounts will increase or decrease the funds available for disbursements to the Government Coordinating Entity, and the Recipient and Implementing Organizations.

8. The Yasuni Fund Account will be administered by the UNDP MDTF Office, as the Administrative Agent, in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest. The Yasuni Fund Account will be subject exclusively to the internal and external auditing procedures laid down in the applicable UNDP financial regulations, rules, directives and procedures applicable to the Administrative Agent. In respect to the internal audit, the summary of the findings and recommendations will be promptly communicated to the Yasuni Fund Steering Committee.

¹ If the contribution is received in currency other than US dollars, in the event repayments have to be made by the Government to the contributors, the repayments will be made applying the original United Nations operational rate of exchange used by the Administrative Agent to record the contributor deposits.

9. To cover the cost of the UNDP MDTF Office fund administration services, UNDP will submit an annual estimated cost of services to the Yasuni Fund Steering Committee, through the Technical Secretariat, in the third quarter of the year, for services to be provided in the following year. The annual estimated costs will be reviewed and approved by the Yasuni Fund Steering Committee. The Government shall make payment to UNDP prior to the commencement of the fund administration services or through the Steering Committee, authorize UNDP to deduct the fee from the Yasuni Fund Account. The cost of fund administration services for the first year which has been approved by the Government will be paid following signature of this MOA, until such time that the Yasuni Fund Account has sufficient funds to cover the costs, at which time the Government shall be entitled to be reimbursed from the Yasuni Fund Account for the payment to the Administrative Agent, following approval of the Steering Committee.

10. The Steering Committee may request the Government Coordinating Entity to perform additional tasks in support of the Yasuni Fund subject to the availability of funds. In this case, costs for such tasks will be decided in advance and with the approval of the Steering Committee be charged to the Yasuni Fund as direct costs.

Section II
Disbursement of Funds to Recipient and Implementing Organizations
and a Separate Ledger Account

1. The Administrative Agent will make disbursements to the Recipient and Implementing Organizations, on instruction from the Government Coordinating Entity, from the two windows of the Yasuni Fund Account in accordance with decision of the Steering Committee, in line with the approved programmatic document², as amended in writing from time to time by the Steering Committee.

2. The Recipient and Implementing Organizations receiving funds from the Yasuni Fund Account based on their agreements with the Government Coordinating Entity will establish a separate ledger account under their financial regulations and rules for the receipt and administration of the funds disbursed to them from the Yasuni Fund Account. The Government Coordinating Entity, on behalf of the Government, assumes full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. The separate ledger accounts will be administered by the Recipient and Implementing Organizations in accordance with national laws, regulations and procedures including those related to accounting, procurement, and audit (hereinafter the “National Regulatory Framework”), provided that they do not contravene the principles set out in UNDP’s Financial Regulations and Rules.

3. Where the balance in the Yasuni Fund Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will

² As used in this document, an approved programmatic document refers to an annual work plan or a programme/project document, etc., which is approved by the Steering Committee for fund allocation purposes.

consult with the Steering Committee and make a disbursement, if any, in accordance with the Steering Committee's instructions.

Section III **Implementation of the Programme**

1. The implementation of the programmatic activities which the Contributor assists in financing under this Arrangement will be the responsibility of the Government Coordinating Entity and through it the Recipient and Implementing Organizations. The activities will be carried out by the Government Coordinating Entity, and the Recipient and Implementing Organizations, in accordance with the National Development Plan and the applicable National Regulatory Framework. The Contributor will not be directly responsible or liable for the activities of any person employed by the Administrative Agent or the Government Coordinating Entity as well as the Recipient and Implementing Organizations as a result of this Arrangement.
2. The Recipient and Implementing Organizations through the Government Coordinating Entity will carry out the activities for which they are responsible, in line with the budget contained in the approved programmatic document, as amended from time to time by the Steering Committee in accordance with the National Development Plan and the applicable National Regulatory Framework. Accordingly, personnel will be engaged and administered, equipment, supplies and services purchased, and contracts entered into in accordance with the provisions of such regulations, rules, directives and procedures.
3. The costs incurred by the Government Coordinating Entity and the Recipient and Implementing Organizations in carrying out the Yasuni Fund activities will be covered as direct costs.
4. The Government Coordinating Entity, and the Recipient and Implementing Organizations will commence and continue to conduct operations for the programmatic activities only upon receipt of disbursements as instructed by the Steering Committee.
5. The Government Coordinating Entity, and the Recipient and Implementing Organizations will not make any commitments above the budgeted amounts in an approved programmatic document, as amended from time to time by the Steering Committee.
6. If unforeseen expenditures arise, the Steering Committee will submit, through the Administrative Agent, a supplementary budget to the Contributor showing the further financing that will be necessary. If no such further financing is available, the activities to be carried out under the approved programmatic document may be reduced or, if necessary, terminated by the Government Coordinating Entity. In no event will the Government Coordinating Entity assume any liability in excess of the funds transferred from the Yasuni Fund Account.

7. The Contributor reserves the right to discontinue future contributions if reporting obligations are not met as set forth in this Arrangement or if there is proven improper use of funds determined by the Steering Committee. If it is agreed by the Steering Committee that there is evidence of improper use of funds, the Government Coordinating Entity will use its best efforts, through the appropriate government body, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Government Coordinating Entity will, through the Steering Committee, credit any funds so recovered to the Yasuni Fund Account or agree with the Steering Committee to use these funds for a purpose mutually agreed upon. Before withholding future contributions or requesting recovery of funds and credit to the Yasuni Fund Account, the Administrative Agent, the Government Coordinating Entity and the Contributor will consult with a view to promptly resolving the matter.

8. The Participants recognize that it is important to take all necessary precautions to avoid inappropriate practices. To this end, as set out in the MOA, the Government Coordinating Entity, and the Recipient and Implementing Organizations will guarantee the application of the National Regulatory Framework for the use of public funds and will maintain standards of conduct that govern the performance of their staff, including the prohibition of corrupt, fraudulent, collusive or coercive practices in connection with the award and administration of contracts, grants, or other benefits. In the event that the Government Coordinating Entity determines that an allegation in relation to the implementation of activities – including corrupt, fraudulent, collusive or coercive practices may have taken place - is credible enough to warrant an investigation, it will promptly notify the Steering Committee, the Administrative Agent and the appropriate Ecuadorian regulatory and control bodies, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with by the appropriate entity in charge of such investigations. Upon completion of the investigation, the Government Coordinating Entity will inform the Steering Committee and the Administrative Agent about the results of the investigation which will be handled in accordance with the National Regulatory Framework.

Section IV **Equipment and Supplies**

1. On the termination or expiration of this Arrangement, the matter of ownership of equipment, supplies and other property financed from the Yasuni Fund shall vest in the Government.

Section V **Reporting**

1. The Administrative Agent will provide the Contributor and the Steering Committee the following statements and reports, based on submissions provided to the Administrative Agent by each Recipient Organization, and Implementing Organization, through the Government Coordinating Entity, prepared in accordance with agreed accounting and reporting procedures:

- (a) Annual consolidated narrative progress reports, based on annual narrative progress reports received from Recipient Organizations and Implementing Organizations, to be provided no later than five months (31 May) after the end of the calendar year;
 - (b) Annual consolidated financial reports, based on annual financial statements and reports, received from Recipient Organizations and Implementing Organizations, as of 31 December with respect to the funds disbursed to them from the Yasuni Fund Account, to be provided no later than five months (31 May) after the end of the calendar year;
 - (c) As applicable, final consolidated narrative report, based on final narrative reports received from Recipient Organizations and Implementing Organizations, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than seven months (31 July) of the year following the financial closing of the Yasuni Fund. The final consolidated narrative report will contain a summary of the results and achievements compared to the goals and objectives of the Yasuni Fund.
 - (d) Mid-year progress updates that will allow the Government and the Steering Committee to assess project implementation progress on an on-going basis; and
 - (e) As applicable, final consolidated financial report, based on certified final financial statements and final financial reports received from Recipient Organizations and Implementing Organizations, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than seven months (31 July) of the year following the financial closing of the Yasuni Fund.
2. The Administrative Agent will provide the Contributor, Steering Committee and Government Coordinating Entity with the following reports on its activities as Administrative Agent:
- (a) Certified annual financial statement (“Source and Use of Funds”) to be provided no later than five months (31 May) after the end of the calendar year; and
 - (b) As applicable, certified final financial statement (“Source and Use of Funds”) to be provided no later than seven months (31 July) of the year following the financial closing of the Yasuni Fund.

3. Consolidated reports and related documents will be posted on the websites of the Yasuni Fund (www.yasuni-itt.gov.ec) and the Administrative Agent (<http://mdtf.undp.org>).

Section VI

Monitoring and Evaluation

1. Monitoring and evaluation of the Yasuni Fund including, as necessary and appropriate, joint evaluation by the Contributor, the Government, the Government Coordinating Entity, the Administrative Agent, and other partners will be undertaken in accordance with the Yasuni Fund TOR.
2. The Contributor, the Government, the Government Coordinating Entity, together with the Recipient and Implementing Organizations, and the Administrative Agent, carrying out Yasuni project activities, through the Steering Committee, will hold annual consultations, as appropriate, to review the status of the Yasuni Fund.

Section VII

Joint Communication

1. Information given to the press, to the beneficiaries of the Yasuni Fund, all related publicity material, official notices, reports and publications, will acknowledge the leading role of the Government, the Contributors, the Administrative Agent and any other relevant entities, as appropriate.
2. The Administrative Agent in consultation with the Government Coordinating Entity will ensure that decisions regarding the review and approval of the Yasuni Fund as well as periodic reports on the progress of implementation of the Yasuni Fund, associated external evaluations are posted, where appropriate, for public information on the websites of the Yasuni Fund (www.yasuni-itt.gov.ec) and the Administrative Agent (<http://mdtf.undp.org>). Such reports and documents may include Steering Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

Section VIII

Expiration, Modification and Termination

1. At the request of the Government, UNDP has agreed to provide fund administration services to the Yasuni Fund until such time that there are no further contributions to the Yasuni Fund, as detailed in the Yasuni Fund TOR or a successor is selected by the Steering Committee in consultation with the Contributors. The Steering Committee will undertake a comprehensive review of the Yasuni operations at a date to be determined by the Steering Committee and decide if UNDP can hand over the fund administration functions to a national successor or maintain UNDP or select another international organization as the fund administrator. If the Steering Committee decides that the fund administration should be provided by another international organization, it

will initiate a process, in consultation with the Government and the Contributors to the Yasuni Fund, to identify and reach agreement with such an organization that will assume all the responsibilities of the UNDP MDTF Office as the Yasuni Fund Administrative Agent.

2. The Administrative Agent will notify the Contributor when it has received notice from the Recipient and Implementing Organizations through the Government Coordinating Entity that the activities for which they are responsible under the approved programmatic document have been completed. The date of the last notification received from a Recipient or Implementing Organization will be deemed to be the date of expiration of this Arrangement, subject to the continuance in force of paragraph 4 below for the purposes therein stated.

3. This Arrangement may be modified only by written agreement between the Participants.

4. This Arrangement may be terminated by either Participant on thirty (30) days of a written notice to the other Participant, subject to the continuance in force of paragraph 5 below for the purpose therein stated.

5. Commitments assumed by the Contributor and the Administrative Agent under this Arrangement will survive the expiration or termination of this Arrangement to the extent necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the Participants hereto and the Government Coordinating Organization, the Recipient and Implementing Organizations, and the settlement of contractual liabilities required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the Yasuni Fund Account or in the individual Recipient and Implementing Organizations' separate ledger accounts upon winding up of the Yasuni Fund will be used for a purpose as decided by the Steering Committee or returned to the Government.

Section IX

Notices

1. Any action required or permitted to be taken under this Arrangement may be taken on behalf of the Contributor, by _____ or his or her designated representative, and on behalf of the Administrative Agent, by the Executive Coordinator, Multi-Donor Trust Fund Office (MDTF Office) or his designated representative.

2. Any notice or request required or permitted to be given or made in this Arrangement will be in writing. Such notice or request will be deemed to be duly given or made when it will have been delivered by hand, mail, or any other agreed means of communication to the party to which it is required to be given or made, at such party's address specified below or at such other address as the party will have specified in writing to the party giving such notice or making such request.

For the Contributor:

Name: _____
Title: _____
Address: _____
Telephone: _____
Facsimile: _____
Electronic mail: _____

For the Administrative Agent:

Name: Bisrat Aklilu
Title: Executive Coordinator, MDTF Office, UNDP
Address: 730 Third Avenue, 20th Floor, New York, NY 10017, USA
Telephone: +1 212 906 6880
Facsimile: +1 212 906 6990
Electronic mail: bisrat.aklilu@undp.org

Section X **Entry into Effect**

1. This Arrangement will come into effect upon signature thereof by the Participants and will continue in effect until it is expired or terminated.

Section XI **Settlement of Disputes**

1. Any dispute arising out of this contribution to the Yasuni Fund will be resolved amicably through dialogue among the Contributor and the Administrative Agent.

Section XII **Privileges and Immunities**

1. Nothing in this Standard Administrative Arrangement will be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP.

IN WITNESS WHEREOF, the undersigned, being duly authorized by the respective Participants, have signed the present Arrangement in the English and Spanish language, each text being equally authentic, in two copies.

For the Contributor:

Signature: _____
Name: _____
Title: _____
Place: _____
Date: _____

For the Administrative Agent:

Signature: _____
Name: Bisrat Aklilu
Title: Executive Coordinator
Place: _____
Date: _____

ANNEX A: Yasuni Fund Terms of Reference

ANNEX B: Schedule of Payments

SCHEDULE OF PAYMENTS

Schedule of Payments:

[Time of first payment]
[Time of second payment]
[Time of third payment]

Amount:

[amount in figures]
[amount in figures]
[amount in figures]