

**THIRD-PARTY COST-SHARING AGREEMENT
BETWEEN THE GOVERNMENT OF SWITZERLAND, REPRESENTED BY THE FEDERAL
DEPARTMENT OF FOREIGN AFFAIRS (FDFA) ACTING THROUGH EMBASSY OF
SWITZERLAND IN ALBANIA (DONOR) AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

WHEREAS the Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis (hereinafter referred to as "the Contribution") for the implementation of STAR2 – Consolidation of the Territorial and Administrative Reform in Albania (hereinafter referred to as "the Project"), as described in the Project document (Project no.00097212 and the title "Consolidation of the Territorial and Administrative Reform", in Albania, and submitted to the Donor for information.

WHEREAS UNDP is prepared to receive and administer the Contribution for the implementation of the Project,

WHEREAS the Government of Albania has been duly informed of the Contribution of the Donor to the Project,

WHEREAS UNDP shall designate an Implementing Partner for the implementation of the Project, (hereinafter referred to as the "Implementing Partner"),

NOW THEREFORE, UNDP and the Donor hereby agree as follows:

Article I. The Contribution

1. (a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the maximum amount of 500,000 CHF (Five hundred thousand Swiss francs).

Schedule of payments

December 2016

Amount

500.000 CHF

The Contribution shall be deposited in the following bank account:

Bank name:	UBS S.A.
Street/Address:	P.O Box 2600
Postcode + City + Country:	1211 Geneva 2, Geneva, Switzerland
Account name:	UNDP Contribution SDC (CHF) Account
Account number:	240FP1030941
SWIFT code:	UBSWCHZH12A
IBAN/ABA:	CH9200240240FP1030941

(b) The Donor will inform UNDP when the Contribution is paid via an e-mail message with remittance information to contributions@undp.org, providing the following information: Swiss Development Cooperation Office in Albania, UNDP Albania Country Office, 00097212 - STAR2 – Consolidation of Territorial and Administrative Reform, donor reference (if any or available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.

2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of Project delivery.
4. UNDP shall receive and administer the payment in accordance with the rules, regulations, policies and procedures of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.

Article II. Utilization of the Contribution

1. The implementation of the responsibilities of UNDP and of the Implementing Partner pursuant to this Agreement and the Project document shall be dependent on receipt by UNDP of the Contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above. UNDP shall not start the implementation of the activities prior to receiving the Contribution or the first tranche of the Contribution (whichever is applicable).
2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the Donor on a timely basis a supplementary estimate showing the further financing that will be necessary. The Donor shall use its best endeavors to approve to UNDP the additional funds required.
3. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2 above is not forthcoming from the Donor or other sources, the assistance to be provided to the Project under this Agreement may be, if necessary, reduced, suspended or terminated by UNDP.

4. Any interest revenue attributable to the Contribution shall be credited to UNDP Account, and shall be utilized in accordance with established UNDP procedures.

Article III. Administration and reporting

1. Project management and expenditures shall be governed by the rules, regulations, policies and procedures of UNDP and, where applicable, the rules, regulations, policies and procedures of the Implementing Partner.
2. UNDP shall provide to the Donor the following reports in accordance with UNDP accounting and reporting procedures.
 - (a) From the country office an annual status report of Project progress for the duration of this Agreement, as well as the latest available approved budget.
 - (b) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year;
 - (c) From the country office within six months after the date of operational completion or termination of this Agreement, a final report summarizing Project activities and impact of activities as well as provisional financial data;
 - (d) From UNDP Bureau of Management/Office of Finance and Administration, on operational completion of the Project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.
3. If special circumstances so warrant or upon the Donor's request, UNDP will provide more frequent reporting at the expense of the Donor. The nature and frequency of this reporting shall be detailed in an annex to this Agreement.

Article IV. Administrative and support services

1. In accordance with the decisions, policies and procedures of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the Contribution shall be charged a fee equal to 8%. Furthermore, as long as they are unequivocally linked to the Project, all direct costs of implementation, including the costs of Implementing Partner, will be identified in the Project budget against a relevant budget line and borne by the Project accordingly.

2. The aggregate of the amounts budgeted for the Project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the Project under this Agreement as well as funds which may be available to the Project for Project costs and for support costs under other sources of financing.

Article V. Evaluation

All UNDP Programmes and Projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of Albania in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating a Project including an evaluation of its Contribution to an outcome which is listed in the Evaluation Plan. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators. Upon request, the donor is entitled to examine and visit the project at its own costs.

Article VI. Equipment

Ownership of equipment, supplies and other properties financed from the Contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

Article VII. Auditing

The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP. Should the annual Audit Report of the UN Board of Auditors to its governing body contain observations relevant to the Contribution, such information shall be made available to the Donor by the country office.

Article VIII. Completion of the Agreement

1. UNDP shall notify the Donor when all activities relating to the Project have been completed in accordance with the Project document.
2. Notwithstanding the completion of the Project, UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in the implementation of the Project have been satisfied and Project activities brought to an orderly conclusion

3. If the unutilized funds prove insufficient to meet such commitments and liabilities, UNDP shall notify the Donor and consult with the Donor on the manner in which such commitments and liabilities may be satisfied.
4. In cases where the Project is completed in accordance with the Project document, any unspent balance may be reallocated by UNDP after consultation and upon written approval of the Donor.

Article IX. Termination of the Agreement

1. This Agreement may be terminated by UNDP or by the Donor after consultations between the Donor, UNDP and the programme country Government, and provided that the funds from the Contribution already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project. This Agreement shall cease to be in force 30 (thirty) days after either of the parties have given notice in writing to the other Party of its decision to terminate this Agreement.
2. Notwithstanding termination of all or part of this Agreement, UNDP shall continue to hold unutilized funds until all commitments and liabilities incurred in the implementation of all or the part of the Project have been satisfied and Project activities brought to an orderly conclusion
3. In cases where this agreement is terminated before Project completion any unspent balance may be reallocated by UNDP after consultation and upon written approval of the Donor.

Article X: Notice

Any notice or correspondence between UNDP and the Donor will be addressed as follows:

- (a) To the Donor:

Address: Embassy of Switzerland in Albania
Rruga "Ibrahim Rugova", Nr. 3/1, Po. Box 1019
Tirana, Albania

Attention: Debora Kern, Head of Governance Sector

- (b) Upon receipt of funds, UNDP shall send an electronic receipt to the Donor email address provided below as confirmation that the remitted funds have been received by UNDP

Donor email address: tirana.@eda.admin.ch

Reference: STAR2 – Consolidation of Territorial and Administrative Reform in Albania

(c) To UNDP: Limya Eltayeb, Country Director

Address: United Nations Development Programme
Skenderbej Street
Gurten (Volkswagen) Building, 2nd Floor
Tirana

Article XI. Anti-Corruption

Within the framework of this Agreement, the parties shall neither directly nor indirectly propose benefits of any nature whatsoever. They shall not accept any such proposals. Any corrupt or illegal behavior signifies a violation to the present Agreement and justifies its immediate termination.

Article XII. Anti-Terrorism

Consistent with numerous United Nations Security Council resolutions, including S/RES/1269 (1999), S/RES/1368 (2001), and S/RES/1373 (2001), both the Donor and the Recipient are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of the Donor to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the recipient undertakes to use reasonable efforts to ensure that none of the Donor funds provided under this grant agreement are used to provide support to individuals or entities associated with terrorism.

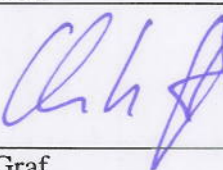


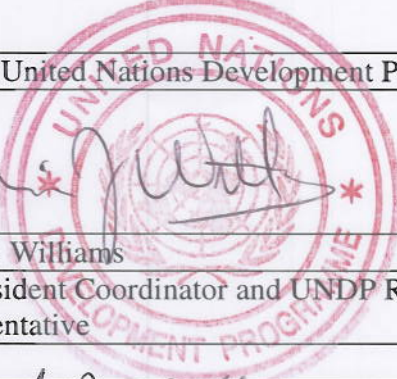
Article XIII. Amendment of the Agreement

This Agreement may be amended through an exchange of letters between the Donor and UNDP. The letters exchanged to this effect shall become an integral part of this Agreement.

Article XIV. Entry Into Force

This Agreement shall enter into force upon the signature of this Agreement by the parties hereto, on the date of the last signature. It covers the period from 1 December 2016 to 31 December 2018 and shall expire as soon as all mutual obligations are fulfilled.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

For the Donor:	For the United Nations Development Programme:
 	 
Christoph Graf Head of Mission, Ambassador Embassy of Switzerland in Albania	Brian J. Williams UN Resident Coordinator and UNDP Resident Representative
Date: <u>1.12.2016</u>	Date: <u>1 Dec 2016</u>