

ARRANGEMENT
FOR COST SHARING TO THE *SAEMAUL* INITIATIVE TOWARDS INCLUSIVE AND
SUSTAINABLE NEW COMMUNITIES

SECTION 1

Subject and Amount of the Contribution

1. In pursuance of the Partnership Framework Agreement between the Government of the Republic of Korea and the United Nations Development Programme dated 25 April 2006 (the “Framework Agreement”) and the Memorandum of Understanding between the United Nations Development Programme and the Ministry of Foreign Affairs of the Republic of Korea on the Global Initiative to Scale Up the *Saemaul Undong* Experiences signed on 26 September 2013, the Ministry of Foreign Affairs of the Republic of Korea (hereinafter “MOFA”) intends to make available a contribution (hereinafter “the Contribution”) of 5,100,000 United States Dollars (hereinafter “USD”), to be administered by the United Nations Development Programme (hereinafter “UNDP”) for the *Saemaul* Initiative Towards Inclusive and Sustainable New Communities, project 00089151.

2. The terms of the Framework Agreement will apply to the Contribution. UNDP will administer the Contribution in accordance with the provisions of the Framework Agreement and UNDP regulations, rules, policies, and procedures.

3. The Contribution will be used exclusively for the following activities: 1) Formulation of the inclusive and sustainable new communities approach based on the experiences of the *Saemaul Undong*, 2) Achievement of policy impact at local and national levels through application of the inclusive and sustainable new communities approach, and 3) Scaling up or spreading out through triangular knowledge and cooperation as well as global advocacy for

regional and global impact. The Contribution will be used to finance the following categories of expenditures: research, documentation of lessons learned, rollout (piloting), triangular knowledge sharing and cooperation, global advocacy, and administration. In accordance with paragraph 2, Article 4 of the Framework Agreement, the Contribution will not be used for the payment of import and customs duties on goods imported or services provided in connection with the Projects. Notwithstanding the foregoing, and so long as there is no change in the overall objectives or characteristics of the Contribution, UNDP may, upon consultation with MOFA, reallocate the Contributions between such categories of expenditures in accordance with UNDP's applicable policies and procedures on reallocation.

SECTION 2

Administration, reporting and evaluation

4. In accordance with Article 7 of the Framework Agreement, the Contribution shall be subject to cost recovery by UNDP for two distinct cost categories related to the provision of support services, namely:

- (a) Variable 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 per cent.
- (b) Direct costs incurred for implementation support services (ISS) provided by UNDP and/or an executing entity or implementing partner. As long as they are unequivocally linked to the specific programme/project, these costs should be built into the project budget against a relevant budget line and, in the case of clearly identifiable transactional services, charged to the project/programme according to standard service rates.

The total support cost for items (a) and (b) above shall not exceed 13% of the total contribution.

5. UNDP shall provide to the Donor the following reports in accordance with UNDP accounting and reporting procedures.

- (a) From UNDP Bureau for Development Policy 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 UNDP Bureau for Development Policy within six months after the date of 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 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.

6. UNDP will provide to MOFA with each request for payment, presented in accordance with this Section, a financial utilization report of: -

- (a) all amounts previously received under the Arrangement;
- (b) prior year's expenditure, current year's expenditure to date and unutilized budget to-date under the Arrangement; and
- (c) the balance on the Project budget allotment.

7. All UNDP Programmes and Projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the respective Governments 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.

SECTION 3

Payment Schedule and Modalities

MOFA will deposit the Contribution with UNDP, upon request from UNDP, in UNDP's Bank Account:

Bank name and address:

JPMorgan Chase Bank
International Agencies Banking
270 Park Avenue, 43rd Floor
New York, UNITED STATES

Account number: 015-002284

SWIFT / ABA: CHASUS33

Bank code: 00023

Acct code: 1001

in accordance with the following schedule:

1,100,000 USD	by 1 May 2014,
3,000,000 USD	by 1 February 2015,
1,000,000 USD	by 1 February 2016.

The above schedule may be amended by mutual consent of MOFA and UNDP dependent upon actual and estimated expenditure and need.

SECTION 4

Commencement and Completion Dates

The Contribution may be used to finance expenditures for the Project commencing on 6 February 2014 and ending on 31 December 2017. UNDP may, for the purpose of this Arrangement, make disbursements of the Contribution for up to six (6) months after the ending date for expenditures incurred on or before the ending date. Any disbursements after the ending date may be made upon the approval of MOFA.

SECTION 5

Cancellation

If at any time either party determines that the purposes of this Arrangement can no longer be effectively or appropriately carried out, or if the Framework Agreement is terminated, either party may, upon giving the other party thirty (30) days prior written notice, cancel any part of the Contribution provided under this Arrangement which has not been committed under arrangements between UNDP and a third party prior to receipt of such notice.

SECTION 6

Communications

The offices responsible for coordination of all matters related to this Arrangement are:

For MOFA:

Changhoon Yuh

Second Secretary

Permanent Mission of the Republic of Korea
to the United Nations

For UNDP:

Xiaojun Grace Wang

South-South Cooperation Lead Advisor

Bureau for Development Policy

United Nations Development Programme

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This Arrangement is drawn up in two originals, one for each party. It may be amended only by written agreement of the parties hereto.

The Ministry of Foreign Affairs of the Republic of Korea

By: _____

Young-ju Oh

Director-General

Bureau of Development Cooperation

Date: _____

The United Nations Development Programme

By: _____

Magdy Martinez-Soliman

Director a.i.,

Bureau for Development Policy

Date: 25 APRIL 2014