

**THIRD-PARTY COST-SHARING AGREEMENT (THE AGREEMENT)
BETWEEN THE SWEDISH ENVIRONMENTAL PROTECTION AGENCY (THE 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 UNDP Environmental Governance for Sustainable Natural Resource Management Programme (hereinafter referred to as “the Programme”), as described in the Project document, project no. 00091930, Environmental Governance for Sustainable Natural Resource Management, and submitted to the Donor for information.

The programme will be implemented in two phases. Phase 1 will be implemented for maximum one year and Phase 2 for the time remaining to a Programme total of four years. Phase 2 may only be implemented after a written approval of the report from Phase 1 and consent to implement Phase 2 from the Swedish International Development Cooperation Agency (Sida).

WHEREAS UNDP is prepared to receive and administer the Contribution for the implementation of UNDP’s portion of the Programme.

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

Article I. The Contribution

1. UNDP shall use the Contribution according to the budget attached to this Agreement. UNDP may reallocate between years or between the budget items fees, reimbursable costs, assignment costs, regional level and country level, if the reallocation does not exceed 10 % of the annual budget in the case of reallocation between budget years, or 10% of the budget item in case of reallocation between budget items within a year. UNDP may reallocate funds over 10% after written agreement from the Swedish EPA.

2 (a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP as follows:

The Contribution shall be deposited in the UNDP Bank Account:

Bank Name:	NORDEA BANK SWEDEN A.B.
Bank Address:	Foreign Customer Services PO. Box. 16081/Drottninggatan 4 SE-103 22 Stockholm, Sweden
Account Name:	UNDP Contributions (SEK) Account
Account Number:	SE4530000000048491300046
Swift Code:	NDEASESS
IBAN No.:	SE4530000000048491300046

(i)	Phase 1 <u>Schedule of payments¹</u>	<u>Amount</u>
	2014-11-25	SEK 950 000
	2015-02-01	SEK 650 000
(ii)	Phase 2 <u>Preliminary schedule of payments²</u>	<u>Amount</u>
	2015-08-15	SEK 3 000 000
	2015-11-01	SEK 3 080 000
	2016-03-01	SEK 3 000 000
	2016-07-01	SEK 3 020 000
	2016-11-01	SEK 3 000 000
	2017-03-01	SEK 3 000 000
	2017-07-01	SEK 2 880 000
	2017-11-01	SEK 2 800 000
	2018-02-01	SEK 2 500 000
	2018-04-01	SEK 1 420 000

(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: donor's name, project no. 00091930, Environmental Governance for Sustainable Natural Resource Management, donor reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.

(c) The disbursement in (ii) Phase 2 is conditional upon the Sida having approved of the reports to be submitted in accordance with Article III 2.1 a) and having given a written consent to implement phase 2.

3. 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 Programme may be reduced, suspended or terminated by UNDP.

¹ It is recommended that country offices negotiate the number of installments to ensure at least six months' anticipated disbursements are funded with each installment. This will make processing of contributions and reporting more efficient for the country offices.

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4. 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 Programme delivery.
5. UNDP shall receive and administer the payment in accordance with the rules, regulations, policies and procedures of UNDP.
6. All UNDP 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 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 make available 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 Programme under this Agreement may be reduced, suspended or terminated by UNDP.
4. Any interest income attributable to the Contribution shall be credited to UNDP Account, retained by UNDP and shall be utilized in accordance with established UNDP procedures.

Article III. Administration and reporting

1. Programme management and expenditures shall be governed by the rules, regulations, policies and procedures of UNDP and in accordance with the conditions in paragraph 2 below.
2. UNDP shall provide to the Donor the following reports in accordance with UNDP accounting and reporting procedures.
 - 2.1
 - (a) The joint UNDP – Swedish Environmental Protection Agency working group, shall provide a report from Phase 1, in accordance with appendix 1 to this Agreement, to the Swedish EPA no later than July 1st, 2015:

- (b) From the UNDP headquarters, an annual status report of Programme progress for the duration of this Agreement, as well as the latest available approved budget, to be submitted to the Swedish EPA no later than March 30th each year 2015 to 2018. The status report shall include a narrative report describing activities and progress of work according to the project plan.
- (c) From UNDP a financial report of UNDP's expenditures. Annual certified financial reports shall be submitted to the Swedish EPA no later than July 15 each year 2015-2018. An interim report shall be submitted no later than April 15. After completion of Phase 2, a final financial report which shall include the total costs from UNDP's side and how the funds have been used. If possible, in kind contribution, cost sharing with other partners and funding from other donors shall be specified. The report shall relate to the agreed budget and be submitted to the Swedish EPA no later than 2018-12-01.

The Resources and Operations Management Group of BPPS at UNDP is responsible for the financial reporting of UNDP's expenditures.

In the financial report, the results should be compared with the agreed-upon budget for the current reporting period. There shall also be columns for the accumulated results and the agreed-upon budget. The level of detail shall be determined from the agreed-upon budget. The notes in the financial report shall indicate which accounting principle is used (cash basis or accrual basis). In the event there are payroll costs, it shall be indicated in the notes which principle is used for allocation of payroll costs. Reported costs shall be derivable from the bookkeeping.

The financial report shall be signed by ROM/BPPS UNDP.

- (d) From the UNDP headquarters, within six months after the date of completion of the programme, a final report summarizing Programme activities and results according to the results framework and indicators as well as provisional financial data.
 - (e) From UNDP Bureau of Management/Office of Finance and Administration, on completion of the Programme, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.
3. In the case the need for additional reporting arise during Phase 2 it will be added as an amendment 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 will be identified in the Programme budget against a relevant budget line and borne by the Programme accordingly.

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

Article V. Evaluation

The Swedish EPA shall commission the evaluation with support from UNDP, and the evaluation exercise shall be carried out by external independent evaluators. The Swedish EPA shall fund the evaluation. All UNDP Programmes and Projects are evaluated in accordance with UNDP Evaluation Policy. The Swedish EPA and UNDP 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.

In the case UNDP commissions other evaluations that includes this programme or parts of this programme, the Swedish EPA shall be informed in good time before and should be provided the possibility to leave comments on the ToRs of such evaluations.

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.

Article VIII. Completion of the Agreement

1. UNDP shall notify the Donor when all activities relating to the Programme have been completed in accordance with the Project document, project no. 00091930, Environmental Governance for Sustainable Natural Resource Management, in its latest updated version

2. Notwithstanding the completion of the Programme, UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the Programme have been satisfied and Programme 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. An agreement on how such commitments and liabilities shall be satisfied shall be documented, signed by both Parties and added as an Annex to this Agreement.
4. In cases where the Project is completed in accordance with the project document any funds below 500 USD (five hundred US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 500 USD (five hundred US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be repaid to the Donor by UNDP.

Article IX. Term and Termination of the Agreement

1. The proposed cooperation under this Agreement is non-exclusive and ending on December 31st, 2018. The Parties may agree to extend this Agreement in writing for a subsequent period of maximum two years.
2. This Agreement may be terminated by UNDP or by the Donor after consultations between the Donor and UNDP, and provided that the funds from the Contribution already received are, together with other funds available to the Programme, sufficient to meet all commitments and liabilities incurred in the implementation of the Programme. This Agreement shall cease to be in force 60 (sixty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate this Agreement.
3. 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 Programme have been satisfied and commenced Programme activities brought to an orderly conclusion.
4. In cases where this agreement is terminated before Project completion any funds below 500 USD (five hundred US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 500 USD (five hundred US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be repaid to the Donor.

Article X: Notice

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

(a) To the Donor:

Address: Ulrik Westman
Head of International Cooperation Unit
Swedish Environmental Protection Agency
Valhallavägen 195
SE-106 48 Stockholm
Sweden

(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: ulrik.westman@swedishepa.se
Attention: Ulrik Westman

(c) To UNDP:

Mágydy Martínez-Solimán
Assistant Administrator and Director
Bureau for Policy and Programme Support
United Nations Development Programme
304 East 45th Street, FF-1086
New York, NY 10017

Article XI. 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. The amendments shall be signed by both Parties.

Article XII. Settlement of Disputes

1. The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Agreement or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with UNCITRAL Conciliation Rules then obtaining, or according to such procedures as may be agreed between the parties.

2. Any dispute, controversy or claim between the Parties arising out of or relating to this Agreement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within (60) sixty days after receipt by one Party of the other Party's request for the amicable settlement, shall be referred by either party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award

punitive damages. 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.

Article XIII. Entry Into Force

This Agreement, constituted by this document and its appendixes, shall enter into force upon the signature of this Agreement by the parties hereto, on the date of the last signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies, both of which shall be deemed an original.

For the Donor:



Martin Eriksson

Head of Policy Development Department

(Date) 20 nov 2014

For the United Nations Development Programme:



Magdy Martínez-Solimán

Assistant Administrator and Director
Bureau for Policy and Programme Support

(Date) 13 NOV 2014

APPENDIXES

Appendix 1: Project summary dated 2014 08 27

Appendix 2: Budget dated 2014 11 10