



**Third-Party Cost-Sharing Agreement Between
Kuwait Institute for Scientific Research and
the United Nations Development Programme**

**Feasibility Study for Establishment of
Kuwait Petroleum and Petrochemical Technology and Services City**

Submitted to

Kuwait Institute for Scientific Research

By

United Nations Development Programme - Kuwait

22 November 2011

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**THIRD-PARTY COST-SHARING AGREEMENT
BETWEEN KUWAIT INSTITUTE FOR SCIENTIFIC RESEARCH (KISR) AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

WHEREAS KISR hereby agrees to contribute funds to UNDP on a cost-sharing basis (hereinafter referred to as "the Contribution") for the execution of the Feasibility Study for the Establishment of Kuwait Petroleum and Petrochemical Technology and Services City (KPP/TSC)¹ (hereinafter referred to as "the Project"), as described in the Initiation Plan [UNDP Project no. 00080441] Feasibility Study for the Establishment of Petroleum and Petrochemical Technology Services City in Kuwait, and as attached as Annex I,

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

WHEREAS the Government of Kuwait has been duly informed of the Contribution of KISR to the Project,

WHEREAS UNDP shall designate an Executing Entity for the execution of the Project (hereinafter referred to as the "Executing Entity"),

NOW THEREFORE, UNDP and KISR hereby agree as follows:

Article I. The Contribution

1. (a) KISR shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of \$261,489. The contribution amount of \$261,489 includes the 7% General Management Support (GMS) mentioned in Article IV "Administrative and support services". The GMS will be a total of \$17,107. The Contribution shall be deposited in the

Bank account # 015-002284
The Chase Manhattan Bank
New York, N.Y. 10017
U.S.A

<u>Schedule of payments</u>	<u>Amount</u>
Initial Payment on Date of signature of agreement	\$ 100,000
Final Payment within two (2) weeks of Wrap-up Workshop	\$ 161,489
Total	\$261,489

(b) KISR will inform UNDP when the Contribution is paid via an e-mail message with remittance information to hashim.hassanali@undp.org.

¹ Referred to by KISR as P-KISR-05-1 "Feasibility Study for the Establishment of Petroleum and Petrochemical Technology Services City"

2. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the execution of planned activities. It may be amended to be consistent with the progress of Project delivery.
3. UNDP shall receive and administer the payment in accordance with the rules, regulations, policies and procedures of UNDP.
4. All financial accounts and statements shall be expressed in United States dollars.

Article II. Utilization of the Contribution

1. The execution of the responsibilities of UNDP and of the Executing Entity 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.
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 KISR on a timely basis a supplementary estimate showing the further financing that will be necessary. KISR shall use its best endeavours to obtain 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 KISR or other sources, the assistance to be provided to the Project 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 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 Executing Entity.
2. UNDP headquarters and country office shall provide to KISR all or parts of the following reports prepared in accordance with UNDP accounting and reporting procedures.
 - 2.1
 - (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) 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;
 - (b) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December to be submitted no later than 30 June of the following year;
 - (c) 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.

3. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of KISR. The specific nature and frequency of this reporting shall be specified 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 7%, which is a total of \$17,107. Furthermore, as long as they are unequivocally linked to the Project, all direct costs of implementation, including the costs of Executing Entity, 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 Projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of Kuwait 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.

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 biennial Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the Contribution, such information shall be made available to KISR.

Article VIII. Completion of the Agreement

1. UNDP shall notify KISR when all activities relating to the Project have been completed.

2. Notwithstanding the completion of the Project, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the execution of the Project have been satisfied and Project activities brought to an orderly conclusion.

3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNDP shall notify KISR and consult with KISR on the manner in which such commitments and liabilities may be satisfied.

4. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be reallocated by UNDP after consulting with KISR.

Article IX. Termination of the Agreement

1. This Agreement may be terminated by UNDP or by KISR after consultations between KISR, UNDP and the programme country Government, and provided that the payments already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the execution 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 payments until all commitments and liabilities incurred in the execution of all or the part of the Project have been satisfied and Project activities brought to an orderly conclusion.

2. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be reallocated by UNDP after consulting with KISR.

Article X. Amendment of the Agreement

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

Article XI. Entry Into Force


This Agreement shall enter into force upon signature and deposit by KISR of the first Contribution-payment to be made in accordance with the schedule of payments set out in Article I, paragraph 1 of this Agreement and the signature of the Project document by the concerned parties.

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



For Kuwait Institute for Scientific Research:
Dr. Naji Mohamed Al-Mutairi
KISR Director General

(Date) *Nov. 24, 2011*



For the United Nations Development Programme:
Dr. Adam Abdelmoula
UNDP Resident Representative

