

THIRD-PARTY COST-SHARING AGREEMENT
BETWEEN
THE GOVERNMENT OF NORWAY (THE DONOR)
AND THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

WHEREAS the Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the Project:

“Strengthening National Capacities for Improved Aid Effectiveness”

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the project,

WHEREAS the Government of Macedonia has been duly informed of the contribution of the Donor to the project,

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

Article I

The Contribution

1. The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the equivalent of NOK 2,270,000 in Euro, as per the exchange rate on the date of payment. The contribution shall be deposited in the

Bank name: Bank of America NA - London Branch
Address: One Alie Street, London E1 8DE England
Account Name: UNDP Euro Contributions Account
Account Number: # 62722022
Swift Code: BOFAGB22

Reference: “Strengthening National Capacities for Improved Aid Effectiveness”

Grant number MAK-11/0005

Date payments due Amount

a) In 2011 upon signature of the cost-sharing agreement

NOK 2,270,000

2. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities.
3. UNDP shall issue written confirmation to the Donor for receipt of the contribution at the latest 2 weeks after the amount has been received.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.

Article II

Utilization of the Contribution

1. UNDP shall carry out the activities related to improvement of capacities of the Secretariat for European Affairs and the key national institutions to apply the concepts of sector/programme wide approach in the coordination and management of development assistance. Practical implementation of the Programme based Approach will be supported in at least two priority areas/sectors. Institutional reforms and capacity building measures are vital for the country to absorb available funds from EU and other international donors.
2. In the period 2011-2012, project will aim at strengthening the coordination mechanisms between the Secretariat for European Affairs (SEA) and aid coordination units within line ministries, and streamline the communication among relevant departments/units within line ministries, thus fostering synergies between the EU pre-accession funds and other aid flows, as per the Project Document and budget attached as Annex to this Agreement. 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.
3. 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 obtain the additional funds required, but the donor does not undertake any formal commitment to cover the excess of initially allocated funds.
4. 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 reduced, suspended or terminated by UNDP.

5. 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 execution, management and expenditures shall be governed by the regulations, rules and directives of UNDP.
2. UNDP headquarters and country office shall provide to the Donor all or parts of the following reports prepared in accordance with UNDP accounting and reporting procedures:
 - (a) From the country office every year, the status of project progress for the duration of the Agreement, as well as the latest available approved budget.
 - (b) From UNDP Bureau of Management/Comptroller's Division, 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 as soon as possible, and no later than three months from the date of completion or termination of the Agreement, a final report summarizing project activities and impact of activities as well as provisional financial data.
 - (d) From UNDP Bureau of Management/Comptroller's Division, 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. UNDP shall provide a short report after the first year of the project implementation.

Article IV

Administrative and support services

1. In accordance with the decisions and directives of UNDP's Executive Board, the contribution shall be charged 8 per cent for the additional cost incurred by UNDP in administering the contribution;
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

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 VI

Auditing

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information shall be made available to the Donor.

Article VII

Completion of the Agreement

1. UNDP shall notify the Donor 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 implementation 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 the Donor and consult with the Donor 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 returned by UNDP to the Donor, upon prior mutual consultation and agreement.

Article VIII

Termination of the Agreement

1. After consultations have taken place between the Donor, UNDP and the programme country Government, and provided that the payments are already received, together with other funds available to the project, sufficient to meet all commitments and liabilities incurred in the implementation of the project, this Agreement may be terminated by UNDP or by the Donor. The 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 the Agreement.

2. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments and until all commitments and liabilities incurred in implementation of the project up to the date of termination have been satisfied and project activities brought to an orderly conclusion.

3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.

Article IX

Amendment of the Agreement

The 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 the Agreement.

Article X

Entry into force

This Agreement shall enter into force upon signature and deposit by the Donor 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 the Donor:

Name: H.E. Mr. Kjetil Paulsen

Title: Ambassador Extraordinary and Plenipotentiary, Royal Norwegian Embassy

Date: 23 November, 2011

For the United Nations Development Programme:

Name: Mr. Alessandro Fracassetti

Title: UNDP Deputy Resident Representative

Date: 23 November, 2011