

**THIRD-PARTY COST-SHARING AGREEMENT  
BETWEEN THE THE FEDERAL MINISTRY FOR THE ENVIRONMENT, NATURE  
CONSERVATION AND NUCLEAR SAFETY (THE DONOR) AND  
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

With reference to the project document "Protection of carbon pool sinks within wetlands and protected areas of Panama" in Panama ("the Project Document"), submitted for information with letter dated 14 July 2011, and lastly amended on 3 December 2012 by the United Nations Development Programme (hereinafter referred to as "UNDP") to the Government of Germany, represented by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, hereinafter referred to as "the Donor", the Donor agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the project as described in the Project Document ("the Project") PIMS 4610 / 12\_III\_039\_PAN\_M\_Wetland Protection.

**Article I. The Contribution**

1. (a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of **2,468,324.65 EURO** for the years 2013 to 2016. Upon the written request by UNDP, the contribution shall be deposited in the following bank account:

Bank: Bank of America  
5 Canada Square  
London 5AQ E14  
United Kingdom

Account no: 62722022  
Account name: UNDP Contribution (Euro)  
Swift no: BOFAGB22

IBAN: GB59BOFA16505062722022

Contribution amount: **2,468,324.65 Euro**

<u>Schedule of payments<sup>1</sup></u>	<u>Amount in Euro</u>
Upon signature	489,164.00 Euro
1 July, 2013	489,164.00 Euro
1 January, 2014	401,118.00 Euro
1 July, 2014	401,118.00 Euro
1 January, 2015	283,526.00 Euro
1 July, 2015	283,526.00 Euro
1 January, 2016	120,708.65 Euro

<sup>1</sup> 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.

(b) The Donor will inform UNDP when the contribution is paid via an e-mail message with remittance information to [contributions@undp.org](mailto:contributions@undp.org), providing the following information: donor's name, UNDP country office, Project no. and title, donor reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.

(c) UNDP is prepared to receive and administer the contribution for the implementation of the Project.

(d) UNDP shall duly inform the Government of Panama of the contribution of the Donor to the Project.

(e) UNDP shall designate an Implementing Partner for the implementation of the Project (Implementing Partner)

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 during the course of the respective year to be consistent with the progress of Project delivery. UNDP shall request the disbursements in advance of the related expenditures on the basis of the progress of the Project. The progress shall be presented in the annual status and financial reports submitted in accordance with Article III.

4. UNDP shall receive and administer the payment in accordance with the regulations and rules, 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 contribution shall be used exclusively to meet the costs of the Project as described in the Project Document, including administrative and support services as set out in Article IV. The Project Document shall include

(a) a proposed project budget, broken down in requirements per annum as well as the related financing plan which sets out how the required funding for the implementation of the Project shall be secured;

(b) a narrative proposal that contains all information relevant for Project appraisal (e.g. objectives, expected outcomes and outputs, including baselines and indicators; target groups).

2. 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). UNDP shall maintain separate accounting records for the Project.

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 endeavours to obtain the additional funds required.

4. If the payments referred to in Article I, paragraph 1, above are not received in accordance with Article I, or if the additional financing required in accordance with paragraph 3 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 revenue attributable to the contribution shall be credited to the UNDP Account. It shall be retained by UNDP 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 regulations and rules, policies and procedures of UNDP and, where applicable, the regulations, rules and directives of the Implementing Partner.

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

(a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of Project progress for the duration of the Agreement, as well as the latest available approved budget and financial implementation status.

(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 (or relevant unit at headquarters in the case of regional and global projects) within six months after 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/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 the Donor. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

#### Article IV. Administrative and support services

1. In accordance with the decisions and directives 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 10%. Furthermore, as long as they are unequivocally linked to the Project, all direct costs of implementation, including the costs of executing entity or 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 Panama in consultation with all relevant stakeholders, including the Donor, 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. The Donor shall have the right to request or initiate an interim or final evaluation of the Project, in consultation with UNDP and to be carried out in accordance with UNDP Evaluation Policy.

#### 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 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 VIII. Anti-corruption

The Parties agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNDP shall maintain standards of conduct that govern the performance of its staff, including the prohibition of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set

forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

**Article IX. Dispute settlement**

The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, this Agreement or the breach, termination or invalidity thereof.

**Article X. 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 execution/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 refunded to the Donor.

**Article XI. Termination of the Agreement**

1. After consultations have taken place between the Donor, 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/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 all or part of this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the execution/implementation of all or the part of the Project, for which this Agreement has been terminated, 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 refunded to the Donor.

**Article XII. Notice**

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

(a) To the Donor: Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

Address: Unit E III 7  
11055 Berlin  
GERMANY

(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: eiii7@bmu.bund.de

Attention: Ms. Elena Heiser

(c) To UNDP: Mr. Nik Sekhran, Chief/Principal Technical Advisor for Ecosystems and Biodiversity, UNDP-GEF

Email address: nik.sekhran@undp.org

Address: United Nations Development Programme  
304 East 45<sup>th</sup> Street, FF9  
New York, NY 10017

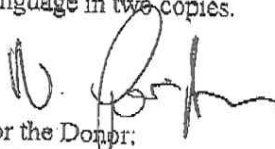
#### Article XIII. Amendment of the Agreement

The Agreement may be amended through a formal written Amendment signed by the Donor and UNDP. The Amendment shall become an integral part of the Agreement.

#### Article XIV. Entry Into Force

This Agreement shall enter into force upon signature upon the signature of this Agreement by the parties hereto, on the date of the last signature.

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



For the Donor:  
Norbert Gorßen  
Head of Unit E III 7  
(Berlin, March, 2013)



For the United Nations Development Programme:  
Adriana Dinu  
UNDP GEF Officer-in-Charge and Deputy Executive Coordinator  
New York, March 2013