

Ref. № 09/05/162/DM

13 May 2009

**Royal Norwegian Embassy
in Russian Federation**

The United Nations Development Programme (UNDP) in the Russian Federation would like to express its respect and appreciation to the Royal Norwegian Embassy in the Russian Federation for the longstanding cooperation within the framework of the project “Construction of Boarding Sports School in Beslan, Republic of North Ossetia – Alania”.

UNDP confirms the receipt of your note, dated 08 May 2009 committing the allocation of 100,000 USD for the project which shall cover half of the needed additional funding to fulfill the additional work items under the current construction contract. Herewith this letter we would like to inform you that UNDP is prepared to receive and administer the additional contribution of the Royal Norwegian Government within the Third-party Cost Sharing Agreement signed between UNDP and your Embassy on 22 December 2005 for further execution of the project, that a supplementary agreement to the construction contract is being prepared and signed, and that the committed additional fund of 100,000 USD should be transferred to our bank account (of which the requisites are determined in the Cost Sharing Agreement) within one week so that the construction works shall not be interrupted duo to the deficit of financing.

UNDP in the Russian Federation is looking forward to further fruitful cooperation with the Royal Norwegian Embassy in Russian Federation.

With best regards,

F. Perevertaylo

**Florida PEREVERTAYLO
UNDP Officer-in-Charge**





KONGELIG NORSK AMBASSADE

The Royal Norwegian Embassy in Moscow presents its compliments to the United Nations Development Programme and has the honour to confirm that the Norwegian government will contribute the sum of USD 100.000,- that is required for the completion of the school project "Ioannis Canidis" in Beslan, North Ossetia.

The Royal Norwegian Embassy avails itself of this opportunity to renew to the United Nations Development Programme the assurances of its highest consideration.

A handwritten signature in blue ink, appearing to be the initials 'BJ'.



Moscow, 8 May, 2009

UNITED NATIONS DEVELOPMENT PROGRAMME
Moscow



**ROYAL NORWEGIAN EMBASSY,
MOSCOW**

Enquiries to:
Øyvind Søvnik Rekstad

Our Date
21.12.2005
Your Date

Our Reference

Your Reference

United Nations Development Programme
Ul. Ostozhenka 28
119034 MOSCOW

ENCLOSURE: 4

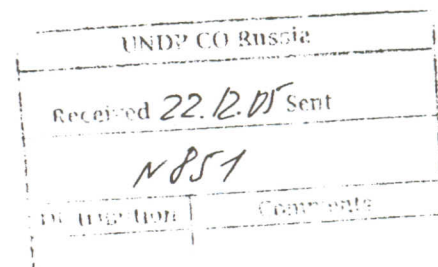
**CONTRACT REGARDING NORWEGIAN GRANT FOR THE PROJECT
"CONSTRUCTION OF A BOARDING SCHOOL IN BESLAN", PROJECT
NUMBER 3050240**

Two originals of the contract related to the Norwegian grant for the project
"Construction of a Boarding School in Beslan" is submitted for UNDP Russia's
signature.

The embassy is prepared to return one of the signed contracts to the Ministry of
Foreign Affairs in Oslo.

Yours sincerely,


Øyvind Søvnik Rekstad
Second Secretary



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ROYAL MINISTRY
OF FOREIGN AFFAIRS

UNDP Russia
c/o Embassy of Norway
Moscow

Your ref.:

Our ref.:
05/14406 II EAAS

Date:
8 December 2005

**NORWEGIAN GRANT FOR THE PROJECT "CONSTRUCTION OF A
BOARDING SCHOOL IN BESLAN, PROJECT NUMBER 3050240"**

Reference is made to e-mail dated 8 December from Kazbek Koulaev to Olav-Nils Thue regarding construction of a boarding school in Beslan.

The Royal Ministry of Foreign Affairs of Norway has the pleasure to confirm that **150 000 USD** is in the process of being transferred to the UNDP, ZAO KB Citibank, account 40807840100500297018, swift code: citirumx.

The amount is the first contribution out of the total amount of USD one million, according to the enclosed Third-party Cost-sharing Agreement. Please sign two copies of the agreement and return one copy to the Ministry

You are kindly requested to refer to the reference number **3050240** in all further correspondence regarding the grant. A final report on the use of the contribution together with audited financial statements, should be submitted to the Ministry, in accordance with Art. III in the Cost-sharing agreement.

The contribution is given on the understanding that Norway may, separately or jointly with other partners, take the initiative to evaluate or review our cooperation with you regarding the contribution to establish whether it has been used for its intended purpose. You shall be informed about such initiative and may be invited to join. You shall upon request assist in providing relevant information within the limits of your rules and regulations. All major costs shall be borne by Norway.

Postal address:
PO Box 8114 Dep
N-0032 Oslo, Norway

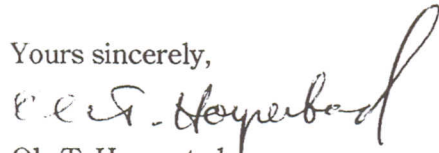
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Enquiries to:
Embret Aasen
post@mfa.no
www.odin.dep.no/ud

Yours sincerely,



Ole T. Horpestad
Deputy Director General



Embret Aasen
Rådgiver

**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 execution of Project "Construction of a boarding school in the town of Beslan to support the development of social infrastructure and the educational system in the Republic of North Ossetia-Alania", in the Russian Federation.

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

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

WHEREAS UNDP shall designate an Executing Entity for the execution of the project,

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

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 (amount in dollars). The contribution shall be deposited in the Citibank, Moscow.

Beneficiary	:	United Nations Development Programme
Account number	:	40807840100500297018 *
Bank name	:	ZAO KB Citibank
Swift code	:	CITIRUMX
Correspondent bank	:	Citibank N.A., New York, A/C 36087478 ABA 021000089 SWIFT code CITIUS33

* for international transfers 500297018 is enough

<u>Schedule of payments</u>	<u>Amount</u>
December 2005	USD 150,000.00
January 2006	USD 850,000.00

(b) The Donor will inform UNDP when the contribution is paid via an e-mail message with remittance information to contributions@undp.org

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 regulations, rules and directives 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 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.
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 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 regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Executing Entity.
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.
 - 2.1 For Agreements of one year or less:
 - (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 the Agreement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data;
 - (b) From UNDP Bureau of Management/Comptroller's Division, 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/Comptroller's Division on completion of the programme/project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.

2.2. For Agreements of more than one year:

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of programme/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 (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 programme/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 programme/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 by UNDP for two distinct cost categories related to the provision of support services, namely:

(a) 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 five (5) per cent.

(b) Direct costs incurred for implementation support services (ISS) provided by UNDP and/or an executing entity. As long as they are unequivocally linked to the specific project, these costs are built into the project budget against a relevant budget line and, in the case of clearly identifiable transactional services, charged to the project according to standard service rates. To cover these ISS costs, the contribution shall be charged a fee equal to three (3) per cent.

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 the biennial 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 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 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 disposed of by UNDP in consultation with the Donor.

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 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 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 up to the date of termination, unutilized payments until all commitments and liabilities incurred in the execution 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 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) *E. Kes. Hanyuda*
(Title) *Dep Director General*
(Date) *05/12/05*

For the United Nations Development Programme:


Mr. Ercan Murat
Resident Representative a.i.
December 22, 2005