



**THIRD-PARTY COST-SHARING AGREEMENT BETWEEN THE UNITED  
NATIONS DEVELOPMENT PROGRAMME AND  
MUNICIPALITY OF BOSILEGRAD**

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and the municipality of Bosilegrad in the Republic of Serbia (hereinafter referred to as the "municipality of Bosilegrad") have agreed to co-operate in the implementation of a project in the Republic of Serbia (hereinafter referred to as "the Project"), as described in the Project document entitled "Improving Service Delivery at the Local Level," SRB10, 00066910/00084809 in Serbia, and submitted to the municipality of Bosilegrad for information.

WHEREAS the municipality of Bosilegrad has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis to increase the resources available for the Project;

WHEREAS the UNDP shall designate an Implementing Partner for the implementation of each Project financed from the contribution (hereinafter referred to as "Implementing Partner")

NOW THEREFORE, UNDP and the municipality of Bosilegrad hereby agree as follows:

**Article I**

1. The municipality of Bosilegrad shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of total USD 23,625.82 (twenty three thousand six hundred twenty five US dollars and 82/100) paid in RSD according to UN rate of exchange (calculated in July 2015) in the amount of 2,543,083.08 RSD (two million five hundred forty three thousand eighty three dinars and 08/100).

2. The municipality of Bosilegrad shall, in accordance with the schedule of payments set out below, deposit the contribution in (title and number of bank account) at the (name and address of bank of deposit).<sup>1</sup>

Komercijalna banka a.d. Beograd,  
14 Svetosavska ulica, 11000 Belgrade, Serbia  
Account No. 908-20501-70, reference No 400702-0070200006664  
SWIFT: KOBBSBG  
IBAN: RS35205007020000666418

<sup>1</sup> Please note that the currency of the bank account should be the same as the currency of the contribution.

<u>Date payment due</u>	<u>Amount (in RSD)</u>
a) July 20th 2015	440,809.02 RSD
b) August 10th 2015	1,383,705.93 RSD
c) September 10th 2015	718,568.13 RSD

1. The municipality of Bosilegrad will inform UNDP when the Contribution is paid via an e-mail with remittance information to [contributions@undp.org](mailto:contributions@undp.org), providing the following information: Municipality of Bosilegrad, UNDP country office, Project no. 00066910/00084809, entitled: "Improving Service Delivery at the Local Level", municipality of Bosilegrad reference. This information should also be included in the bank remittance advice when funds are remitted to UNDP.

**N.B. [The following paragraph should be included only in the event that the contribution is not in US dollars, otherwise, please delete this provision]**

4. 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 municipality of Bosilegrad with a view to determining whether any further financing could be provided by the municipality of Bosilegrad. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.

5. The above schedule of payments<sup>2</sup> takes into account the requirement that contributions shall be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
6. All financial accounts and statements shall be expressed in United States Dollars.
7. UNDP may agree to accept Contributions in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 6 above. Any change in the currency of the Contribution shall be made only in agreement with UNDP.

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<sup>2</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.

8. Any interest revenue attributable to the contribution shall be credited to the UNDP Account and shall be utilized in accordance with established UNDP procedure

## **Article II**

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 5%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of 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 III**

1. The contribution shall be administered by the UNDP in accordance with UNDP regulations, rules, policies and procedures, applying its normal procedures for the execution of its projects.
2. Project management and expenditures shall be governed by the regulations, rules, policies and procedures of UNDP and, where applicable, the regulations, rules, policies and procedures of the Implementing Partner.

## **Article IV**

1. The implementation of the responsibilities of the UNDP and of the Implementing Partner pursuant to this Agreement and the relevant project document shall be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above. UNDP shall not start 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 due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP shall submit to the municipality of Bosilegrad on a timely basis a supplementary estimate showing the further financing that will be necessary. The municipality of

Bosilegrad shall use its best endeavors to make available to UNDP the additional funds required.

3. If the Contribution referred to in Article I, paragraph 2, 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 municipality of Bosilegrad or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

#### **Article V**

If UNDP purchases equipment:

Ownership of equipment, supplies and other property financed from the contribution and purchased as per UNDP rules and regulations shall vest in UNDP when UNDP uses and controls such equipment, supplied and other property. All pieces of equipment, supplies and other property will be transferred to National Partner during the project life in line with the Prodoc.

If National Partners purchase the equipment as per local laws:

Ownership of equipment, supplies and other property financed from the contribution and purchased by the National Partner's Institution, as its applicable laws will vest in the National Partner's Institution. UNDP keeps the oversight mechanism over the equipment, supplies and other property from project initiation till full project closure (financial completion). Ownership of equipment, supplies and other property under UNDP use and control shall be under UNDP.

#### **Article VI**

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.

#### **Article VII**

UNDP shall provide the municipality of Bosilegrad on request with financial and other reports prepared in accordance with UNDP reporting procedures.

#### **Article VIII**

1. UNDP shall notify the municipality of Bosilegrad when all activities relating to the [Programme/Project] have been completed in accordance with the Prodoc.

2. Notwithstanding the completion of all activities relating to the Project, UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the activities finance by the contribution have been satisfied and these activities brought to an orderly conclusion.
3. If the unutilized funds prove insufficient to meet such commitments and liabilities, UNDP shall notify the municipality of Bosilegrad and consult with the municipality on the manner in which such commitments and liabilities may be satisfied.
4. In cases where the Project is completed in accordance with the project document any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied, shall be reallocated by UNDP after consultation with the municipality of Bosilegrad.

### **Article IX**

1. After consultations have taken place between the two Parties to this Agreement and provided that the funds from the Contribution already received are, 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 municipality of Bosilegrad. The Agreement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.
2. If the unutilized contribution-payments, together with other funds available to the Project, are insufficient to meet such commitments and liabilities, UNDP shall notify the municipality of Bosilegrad and consult with the municipality of Bosilegrad on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized funds until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
4. In cases where this agreement is terminated before Project completion any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the municipality of Bosilegrad.

### Article X

Any notice or correspondence between UNDP and the municipality of Bosilegrad will be addressed as follows:

(a) To the municipality of Bosilegrad: Vladimir Zaharijev, President of Municipality

Address: Municipality of Bosilegrad  
Georgi Dimitrov 82, 17540 Bosilegrad

(b) Upon receipt of funds, UNDP shall send an electronic receipt to the municipality of Bosilegrad email address provided below as confirmation that the remitted funds have been received by UNDP

Municipality of Bosilegrad email address: [opstina@bosilegrad.rs](mailto:opstina@bosilegrad.rs)

Attention: Vladimir Zaharijev, President of Municipality

(c) To UNDP: Irena Vojáčkova-Sollorano, UNDP Resident Representative

Address: United Nations Development Programme  
Internacionalnih brigade 69  
11000 Belgrade, Serbia

### Article XI

This Agreement shall enter into force upon the signature of this Agreement by 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 and Serbian language (s) in two copies.

For the municipality of Bosilegrad: For the United Nations Development Programme

Name: Vladimir Zaharijev  
Title: President of Municipality  
Date: 30.06.2015  
Place: Bosilegrad, Serbia

Name: Irena Vojáčkova-Sollorano  
Title: UNDP Resident Representative  
Date: 14/07/2015  
Place: Belgrade, Serbia



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