

**THIRD-PARTY COST-SHARING AGREEMENT BETWEEN THE UNITED NATIONS
DEVELOPMENT PROGRAMME AND THE ZADAR COUNTY**

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and Zadar County (hereinafter referred to as the „County“), in the Republic of Croatia, have agreed to co-operate in the implementation of a sub-project "***Sustainable development of rural areas in Zadar County***" (hereinafter referred to as "the Project").

WHEREAS the County 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 County hereby agree as follows:

Article I

1. The County shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of **280.000,00 HRK**.
2. The Fund shall, in accordance with the schedule of payments set out below, deposit the contribution in *UNDP – UNITED NATIONS DEVELOPMENT PROGRAMME – RESIDENT REPR. OFFICE IN CRO, ONE UNITED NATIONS PLAZA, NEW YORK, NY, 10017 USA; bank account 1102228343; IBAN: HR5423600001102228343*, at the Zagrebačka bank d.d., 10000 Zagreb, Savska 60.

	<u>Date payment due</u>	<u>Amount (HRK)</u>
(a)	December 29, 2014	100,000.00
(b)	February 2, 2015	100,000.00
(c)	March 31, 2015	80,000.00

3. The County will inform UNDP when the Contribution is paid via an e-mail with remittance information to contributions@undp.org, providing the following information: County's name, UNDP Croatia, ***Sustainable development of rural areas in Zadar County***. This information should also be included in the bank remittance advice when funds are remitted to UNDP.
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 County to determine whether any further financing could be provided by the County. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP. For implementation of this Project Zadar County has provided financial means from 2014 Annual Budget; under the following item: Activities A3601-09 – other activities in agriculture as well as projected/planned 2015 Annual Budget of Zadar County.

5. The above schedule of payments 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.
8. Any interest revenue attributable to the contribution shall be credited to the UNDP Account and shall be utilized in accordance with established UNDP procedures.

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 of County shall be charged a fee equal to 8%. 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.
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 County on a timely basis a supplementary estimate showing the further financing that will be necessary. The County 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 County or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

Article V

Ownership of equipment, supplies and other property 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

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 County on request with financial and other reports prepared in accordance with UNDP reporting procedures.

Article VIII

1. UNDP shall notify the County when all activities relating to the Project have been completed in accordance with the Project document.
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 County and consult with the County 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 County.

Article IX

1. After consultations have taken place between the two Parties to this Agreement and provided that the funds from the Contribution 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 County. 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 County and consult with the County 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 County.

Article X

Any notice or correspondence between UNDP, the County will be addressed as follows:

(a) To the County: Stipe Zrilić, Prefect, Zadar County
Address: Božidara Petranovića 8, 23000 Zadar, Croatia

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

County email address: financije-baricevic@zadarska-zupanija.hr
Attention: Bibijana Baričević

(c) To UNDP: Sandra Vlašić, Head of Office, United Nations Development Programme, Project Office Croatia

Address: United Nations Development Programme
Radnička 41, 10000 Zagreb



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 Croatian languages in three copies.

**For the United Nations
Development Programme**



(Signature)



Name: Sandra Vlašić
Title: UNDP Head of Office
Date: December 1st, 2014
Place: Zagreb

For the Zadar County

(Signature)



Name: Stipe Zrilić
Title: Prefect
Date: December 1st, 2014
Place: Zadar

