United Nations Development Programme Country: Kazakhstan Project Document



UNDAF Outcome:

Reduced (income and human)

poverty at national and sub-national levels

Expected CPAP Outcome: The Government is more capable of

reducing poverty, achieving MDG targets, and

monitoring its progress to those ends

Implementing partner:

Almaty city Akimat

Other Partners:

SYSLAB International, Norwegian Government

Narrative

The project is aimed at development of innovative approaches in employment generation and SME development. SYSLAB International, Norwegian Government and Almaty Akimat are the key partners of UNDP in the project. SYSLAB International has developed new technology of employment generation and SME development. It had implemented the new approach in EU countries, Baltic States and Russia. SYSLAB's approach contains training, motivation of programme participants, internships in the local companies, interviews and business plans development. As the result SYSLAB project will provide unemployed people with higher education with job opportunities (of which some 80 % will obtain permanent jobs), and some of them will start new private businesses. The SYSLAB unit will be opened in 2007 in Almaty Technopark as the Akimat's contribution to the project. SYSLAB and Norwegian Government will provide new innovative approaches, and UNDP will provide effective management and administration of the project. The first Syslab unit will be open in October 2007 in Almaty. There is an intention to open more units in Kazakhstan

Programme Period: 2005 - 2009

Programme Component: MYFF service line 1.1 MDG country reporting and poverty monitoring

Project Title: Promoting Innovation and

Employment in Kazakhstan

Project ID:

Project Duration: 2007-2010

Management Arrangement: National Execution

Allocate resources: 52 777 USD

Direct Costs:

49324 USD

GMS:

3453 USD

Agreed by:

Almaty City Akimat

Mypynolo N. M. - N. Polla

Date

United Nations

Development Programme

Steliana Nedera, Deputy Resident Representative

Date

Year 2007

1. SITUATION ANALYSIS

Kazakhstan is challenged by a large number of unemployed people who need the assistance in finding jobs.

Due to the international economic crisis, a lot of organizations in various sectors held and keep holding personnel reduction and/or liquidation; majority of the small business were forced to cease their activity.

According to preliminary data of the RoK Statistics Agency, in the third quarter of 2006 number of the jobless population (persons at the age of 15 and older, which had no profitable employment, actively searched for it and were ready to start it immediately) has made 607,2 thousand people.

Level of long-term unemployment has made 3,2 %. In the structure of the jobless population young people at the age of 15-24 years make up 20 % of it; people at the 25 -29 years age group -20,4 %, 30-39 years -25,1 % and from 40 till 44 years -9,2 %. Out of them about 250 thousand had the higher or professional education; and the majority of unemployed (345 thousand) are women.

In order to solve the unemployment problem the government carries out a state policy through the Ministry of Labour and Social Protection of the population in the field of population employment.

There are city, oblast and district departments of employment, Job centers and clubs of the work search, which assist in employment by organizing public and social works, professional training and improvement of professional skill, and also rendering the financial help to the persons who have lost job.

Due to an increasing urbanization of the country and constant growth of quantity of people with higher education the largest cities of the country, such as Almaty, Astana and other regional centers are challenged to find the differentiated approach to various groups of the jobless population.

The official program should balance between early intervention and granting to the unemployed citizens possibility of independent search of work.

According to the agency data, 229,6 thousand unemployed have not been occupied because of absence of "suitable" work, a work which is worth their qualification.

The number of people with the higher education, who are compelled to take a position, below their qualification is growing.

The present situation makes most vulnerable the following groups: the recent graduates who do not have a professional experience; people trying to renew work after a prolonged break, such as, mothers after a maternity leave; and even valuable specialists with the long-term experience who are discriminated by employers because of their age category.

The job market's development is additionally pended by the financial and business illiteracy of the population, which does not know even the basics of the entrepreneurship. Because of this many business initiatives are closed without even properly starting. In order to implement innovative approaches in the employment and entrepreneurship generation for the people with higher education the government of the RoK jointly with the Norwegian government, UNDP and privately owned Norwegian company "SYSLAB Int'l" decided to run a project "Promoting Employment and Innovation".

In the framework of cooperation the parties aim at decreasing the poverty level and the social tension; and focus at solving the employment issues by providing the unemployed qualified specialists innovative methods of job search and creating a work place for oneself. SYSLAB International (SI) has developed a new technology of employment and small and medium business development. SI has implemented this new approach in the countries of EU, Baltics and Russia. The SYSLAB concept includes trainings, project participants' motivation, developing business networks with the local companies, interview techniques and developing business plans.

The main aim of this joint project is rendering assistance in employment of highly qualified specialists and generation of small and medium entrepreneurship.

The project technology includes lecture and training program on the effective job search skills, individual orientations, office space for the project participants, which enables the practical implementation of the skills and other. The core of the program concept is an active stand, not passively waiting for a vacancy, but rather creating own work place; business development and opening a small business. Due to the project's activity, the unemployed can find new opportunities for employment and adaptation to the fast changing situation at the job market. The first pilot center's opening is planned in Almaty, the largest city of the country, in close partnership with the city Akimat, Department of Labor and Social programs and the Job Center. The project will be implemented for three years, within which the SYSLAB International will train the staff and after this the project together with the equipment, program technology and the developed experience will be transferred to the local municipal employment structures. It is planned that the project will be spread to other densely populated and dynamically growing

regions of Kazakhstan, such as South Kazakhstan oblast and the capital Astana.

3. MANAGEMENT ARRANGMENTS

3.1 Partners

The project is partnership with the Norwegian company SYSLAB International, UNDP and Almaty City Akimat, The Norwegian Ministry of Foreign Affairs, through SI under a Cost Sharing Agreement with UNDP commits funds for the project implementation. The Kazakhstan project operates with the support of the local administration of the Almaty city, the city Job Center (Technopark) and with the management support and contribution from UNDP. The project is located in the Technopark, and the premises constitute a contribution from the Akimat.

Syslab International AS

- A SI has developed and is the proprietor of a certain concept and system for the organising and management of a programme for management development and training for highly qualified professionals seeking employment or establishment in business, profiled under the SYSLAB Logo.
- B Supported by the Norwegian Ministry of Foreign Affairs SI wishes to internationalise the SYSLAB Concept referred to in A above and contribute to the development of SYSLAB inter alia in Kasakhstan.
- C SI and DOL co-operate under the UNDP project No. 57630
- D SI grants to The Project full access to the system and manuals developed for the SYSLAB concept by SI as presented in the SYSLAB "Procedure Handbook", and the right to make use of the SYSLAB Concept in Almaty . SI will provide the "Procedure Handbook", QA-system, promotional material. The user rights remains with DOL after regular termination of this agreement

Contact:

SYSLAB International AS
Kanalveien 119
N-5068 Bergen
Fax:+47 55277111
Jan S. Johannessen, Partner/CEO
Per Erik Rasmussen Partner /Project Manager

Department of Labor and Social protection of Almaty City

- A. DoL is Akimat structure and responsible to coordinate employment issues in Almaty.DoL have administrative and controlling functions towards the project.
- B. Recommend for the participation in the selection interview relevant qualified candidates from the registered unemployed
- C. For the duration of the agreement jointly with «SI» participate in the personnel hiring (project manager and coordinator);
- D. Gain full access to the system and manuals, developed by **«SI»** for SYSLAB concept after the agreement's duration is over.
- C. Bear all costs for housing, electricity, water, heating and security premises and equipment belonging to UNDP

E. Allocate funds for acquisition of additional equipment, technical supplies, office supplies, literature, subscription periodicals, telecommunication services and technical service for equipment

Contacts:

Kunaeva St. 122,Almaty Tel61-67-71, 261-02-14

Fax 272-88-32

Director: Nurlanov Amangeldy

Job Center of Almaty City

- A. Syslab office located on the basis of the Job Center, but has separate premises .Funds from the City Akimat is channeled through the Job Center. The following project staff are taken into the Job Center's staff: Project Coordinator, lectures, cleaning lady, night guards
- B. The Job Center takes part in the recruitment of the project participants, provide information on available vacancies, take part in the Syslab trainings and lectures to be assure knowledge transfer.

Contacts:

Almaty techno Park, The City Job Center Makataeva Str.117, Almaty

Tel: 3405100/01

Director: Aibekova Kalimat

UNDP

- A. UNDP shall receive and administer the contribution from Norway in accordance with UNDP's Financia Regulations and Rules, policies and procedures.
- B. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Recourses, the Contribution from Norway 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 feel equal to 7%
 - (b) Direct costs incurred for implementation support services (ISS) provided by UNDP and implementing partner. 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.
- C. The contribution and activities financed there from shall be subject exclusively to 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 Syslab International AS
- D. Syslab International AS and UNDP will consults with each other in respect to any matter that may arise from or in connection with the Grant.

3.2 Project management

- A. For the duration of the project, a project manager and a project coordinator PM will be hired through UNDP. PC will have a Job Center contract with additional payment from UNDP funds (SSA)
 - B. Supervision of the project management in Shymkent is the responsibility of UNDP and a board consisting of SDOL, SI and UNDP.
 - C. Management of the funds and payment requests to UNDP and DOL is the responsibility of the Project Manager,
 - D. Annual Work planned is designed by Project Manager and approved by UNDP and DoL
 - E. Project Manager

2. Objective:

- To be an independent and proactive implementer of the SYSLAB system in Almaty
- To be a visible and trusted leader and coach for each individual participant.

3. Main areas of responsibilities:

- Responsible for cost-effective management and operation of the SYSLAB according to strategies laid down by the partnership, and priorities described in the SYSLAB Quality Management System.
- Management of administrative staff. Key instruments are strategy meetings, staff interviews, staff meetings and administration meetings.
- Management and coaching of participants. Key instruments are staff interviews, motivation seminars, "management by walking around", general meetings and managers' meetings.
- Organising and planning each SYSLAB period according to local/regional requirements and demands.
- Marketing and developing the SYSLAB concept in Almatyto both public and private sector.
- Main responsibility for regular contact with partners, reporting, and for the transfer of experience to the local employment service.
- Developing and implementing courses relevant to developing participant skills and motivation.
- Responsible for co-ordinating reception, evaluation and advising persons with business ideas.
- Ambassador for the partnership; SYSLAB, UNDP and the Labour Market Authorities
- Ensuring compliance with SYSLAB's Environmental, Health & Safety Policy.
- Operational management of the local spending

5. Results

- The successful implementation of the project in Shymkent according to the basic philosophy of SYSLAB, and with an average employment rate of 75%.
- Compliance with policy and processes for relevant expenditure

Respected by participants, colleagues and internal and external customers

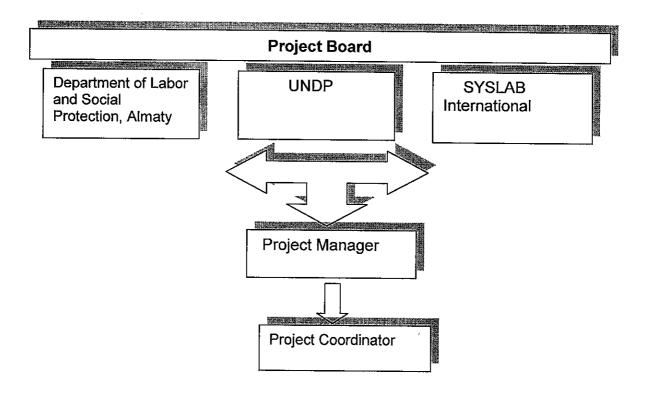
6. Direct Reports

- Monthly written reports to the three partners
- 6-monthly reports after each period

7. Roles covered by this position

- Member of the SYSLAB managers group in Kazakhstan
- Leader of the management team for SYSLAB Almaty

3.2 Project Organizational Structure





UNDP Kasakhstan 67, Tole bi, Almaty Kazakhstan

010/07

PER/per

Bergen/Almaty 30.05.07

Dear Mr. Xu.

I am pleased to inform you that the SYSLAB International, with the support of the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the "Donor") has decided to make a contribution of **sixty five thousand** (65,000) US dollars (hereinafter referred to as the "Grant") to the United Nations Development Programme (hereinafter referred to as "UNDP"), a subsidiary organ of the United Nations, an international organization established by treaty, represented by its Resident Representative, with offices at 67, Tole bi, Almaty, Kazakhstan, for implementation in 2007 of initiative on Promoting Innovation and Employment in Kazakhstan.

The contribution shall be deposited to the following Bank and account:

UNDP Representative in Kazakhstan (USD) Account

Account #3752174469

Bank of America

1401 Elm Street, Dallas, TX 75202-2958

ACH Routing Number: 111000012 (to be used only by US-based banks

using ACH payment type)

Wire Routing Numb

Number: 026009593

SWIFT code: BOFAUS3N

UNDP shall receive and administer the contribution in accordance with UNDP's Financial Regulations and Rules, policies and procedures, and on the following terms and conditions:

The Contribution shall be paid in accordance with the following schedule:

(1) Schedule of payments
June 1, 2007

Amount 65,000 USD

- (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. It may be amended to be consistent with the progress of project delivery.
- (3) This Grant will be used exclusively for the Promoting Innovation and Employment in Kazakhstan initiative.
- (4) 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 7%.
- (b) Direct costs incurred for implementation support services (ISS) provided by UNDP and implementing partner. 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.
- (5) The contribution and activities financed there from shall be subject exclusively to 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.
- (6) Any payments that remain unexpended after all commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.
- (7) The Donor and UNDP will consult with each other in respect of any matter that may arise from or in connection with the Grant. This letter and your acceptance of this contribution on the terms set forth herein shall constitute an agreement between SYSLAB and UNDP on the subject matter hereof.

Sincerely yours

Per E. Rasmussen

Partner/Project Manager

Haoliang Xu

UNDP Resident Representative

Date

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 on "Promoting Innovation and Employment in Kazakhstan",

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

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

WHEREAS UNDP shall designate an Implementing Partner for the implementation of the project (the Implementing Partner),

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

Article I. The Contribution

 (a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of 165,000 USD. The contribution shall be deposited in:

UNDP Representative in Kazakhstan (USD) Account

Account #3752174469

Bank of America

1401 Elm Street, Dallas, TX 75202-2958

ACH Routing Number: 111000012 (to be used only by US-based banks using ACH payment

type)

Wire Routing Number: 026009593

SWIFT code: BOFAUS3N

Schedule of payments

Amount

1 May 2008

165,000 USD

- (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 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 programme/project may be reduced, suspended or terminated by UNDP.

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- 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 to be consistent with the progress of project delivery.
- 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. 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:
- 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 Implementing Partner.
- 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 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/Office of Finance and Administration, an annual certified financial statement as of 31 December to be submitted no later than 30 June of the following year;

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- (c) From UNDP Bureau of Management/Office of Finance and Administrationon 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 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/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 programme/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 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 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 7%. Furthermore, as long as they are unequivocally linked to the specific 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 in consultation with other stakeholders 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.

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

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

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Article X. 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 XI. 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: Mr. Per E. Rasmussen Partner/Project Administrator 22.04/2008

For the United Nations Development Programme: Mr. Haoliang Xu Resident Representative (Date)



Dear Mr. Rasmussen,

Re: Amendment to the third party Cost-Sharing Agreement between the Government of Norway and the Untied Nation Development Programme

According to the provision of the Cost –Sharing Agreement (CSA) between the Government of Norway (acting as a donor) and the Untied Nation Development Programme signed on 22 April 2008, whereby the Donor contributes \$ 165,000.00 USD for the implementation of the project "Promoting Employment and Innovation in Kazakhstan", this letter proposing the following amendment to the above mentioned agreement Cost-Sharing Agreement:

The donor will contribute to the UNDP the additional amount of \$ 110,000.00 USD

All other provisions of the CSA remain valid.

If the above is acceptable to you, I would like to propose that this letter and your reply in conformation will constitute the formal amendment the CSA and will become an integral part of the Agreement.

Yours Sincerely

Steliana Nedera

To: Mr. Per E.Rasmussen Partner/Project administrator Syslab International AS Bergen, Norway



17 April 2009

Dear Mr. Rasmussen,

Re: Amendment to the Third-Party Cost-Sharing Agreement between the Government of Norway and the United Nations Development Programme

According to the provisions of the Cost-Sharing Agreement (CSA) between the Government of Norway (acting as a donor) and the United Nations Development Programme, signed on 22 April 2008, whereby the Donor contributes \$165,000.00 for the implementation of the project on "Promoting Innovation and Employment in Kazakhstan", this letter is proposing the following amendments to the above-mentioned Cost-Sharing Agreement:

Article I. The contribution, point (a), shall read as follows:

"The donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of 265,000.00USD.

Schedule of Payments

1 May 2008 - 165,000.00USD

1 April 2009 - 100,000.00 USD"

The duration of the Agreement is extended to 31 March 2010.

All other provisions of the CSA remain valid.

If the above is acceptable to you, I would like to propose that this letter and your reply in confirmation will constitute the formal amendment the CSA and will become an integral part of the Agreement.

Yours Sincerely.

CONFIRMED

BERGEN, 20-04-2009

Steliana Nedera Deputy Resident Representative a.i.

To: Mr. Per E. Rasmussen Partner/Project Administrator Syslab International AS

Bergen, Norway



17 April 2009

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Yours Sincerely.

Steliana Nedera

Deputy Resident Representative a.i.

To: Mr. Per E. Rasmussen Partner/Project Administrator Syslab International AS Bergen, Norway