

Third - Party Cost-Sharing Agreement

between

**the Swiss Confederation,
represented by the Federal Department of Foreign Affairs,
acting through the Swiss Cooperation Office Macedonia**

and

the United Nations Development Programme (UNDP)

WHEREAS the Swiss Confederation, represented by the Federal Department of Foreign Affairs, acting through the Swiss Cooperation Office Macedonia (hereinafter referred to as FDFA / "the Donor"), hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the Pilot project for Biodegradable Waste Management in Prespa Region as laid out in the project document **Annex A**¹ for the period from 1st December 2010 to 31st December 2012;

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

WHEREAS the Government of Macedonia through the Ministry of Environment and Physical Planning has been duly informed of the contribution of the Donor to the project;

WHEREAS UNDP shall be directly responsible for the implementation of this project;

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

Article 1 The Contribution

1.1 The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of Swiss Francs (CHF) 781,000.00. The contribution shall be deposited in the UNDP Contributions Account #:

Bank name:	JP Morgan Chase Bank
Bank address:	1166 Avenue of the Americas, 17 th floor New York, USA
Account name:	UNDP Contributions Account
Account number:	015-002284
IBAN:	N/A
SWIFT/ABA:	CHASUS33
Reference:	Macedonia/Pilot Project for Biodegradable Waste Management in Prespa Region

¹ The project document is informally annexed to this Agreement.

Schedule of payments:	Amount CHF:	Due Date:
1 st payment upon signature of the Agreement between UNDP and FDFA	CHF 300,000.00	15.12.2010
2 nd payment upon receipt and approval of the semi-annual narrative and financial report for period 1.12.2010 - 30.06.2011	CHF 300,000.00	1.08.2011
3 rd payment upon receipt and approval of the annual narrative and financial report for 2011 and annual certified financial statement for 2011	CHF 161,000.00	1.06.2012
Final payment upon receipt and approval of the final narrative and financial report and annual certified financial statement for 2012	CHF 20,000.00	1.06.2013

- 1.2 The Donor will inform UNDP when the contribution is paid via an e-mail message with remittance information to contributions@undp.org.
- 1.3 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 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 may be reduced, suspended or terminated by UNDP.
- 1.4 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.
- 1.5 UNDP shall receive and administer the payment in accordance with the regulations, rules, policies and procedures of UNDP.
- 1.6 All financial accounts and statements shall be expressed in United States dollars.

Article 2 Utilization of the Contribution

- 2.1 The implementation of the responsibilities of UNDP 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 1, paragraph 1, above.
- 2.2 If unforeseen increases in expenditures of 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 endeavors to obtain the additional funds required.
- 2.3 If the payments referred to in Article 1, 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 programme under this Agreement may be reduced, suspended or terminated by UNDP.

- 2.4 Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

Article 3 Administration and Reporting

- 3.1 Programme management and expenditures shall be governed by the regulations, rules, policies and procedures of the UNDP.
- 3.2 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.
- (a) From the country office, due to the intensive dynamic of the project implementation, semi-annual status reports of 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, 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.
- 3.3 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 4 Administrative and Support Services

- 4.1 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(s), all direct costs of implementation, including the costs of the UNDP as an implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.
- 4.2 The aggregate of the amounts budgeted for the programme, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the programme under this Agreement as well as funds which may be available

to the programme for programme costs and for support costs under other sources of financing.

Article 5 Evaluation

- 5.1 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.

Article 6 Equipment

- 6.1 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 7 Auditing

- 7.1 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 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.

Article 8 Completion of the Agreement

- 8.1 UNDP shall notify the Donor when all activities relating to the project have been completed.
- 8.2 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.
- 8.3 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.
- 8.4 Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied, shall be transferred to another UNDP project of joint cooperation, in full consultation with the Donor.

Article 9 Termination of the Agreement

- 9.1 After consultations have taken place between the Donor and UNDP 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.

- 9.2 Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of the project up to the date of the termination have been satisfied and project activities brought to an orderly conclusion.
- 9.3 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 10 Amendment of the Agreement

- 10.1 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 11 Entry Into Force

- 11.1 This Agreement shall enter into force upon signature and deposit by the Donor of the first payment to be made in accordance with the schedule of payments set out in Article 1, paragraph 1 of this Agreement. It covers the period from 1.12.2010 to 31.12.2012.

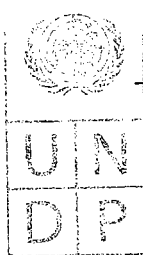
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

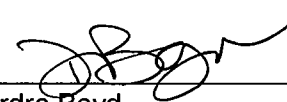
For: Swiss Cooperation Office Macedonia

For: United Nations Development Programme



Claude Gander
The Chargé d'affaires of Switzerland a.i.





Deirdre Boyd
UNDP Resident Representative

Date: 29 NOV 2010

Date: 1 Dec 2010

Appendices: mentioned

