

**THIRD-PARTY COST-SHARING AGREEMENT  
BETWEEN THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS AND  
THE UNITED NATIONS DEVELOPMENT PROGRAMME**

WHEREAS THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) and THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS (MFA) have agreed to cooperate in the implementation of Coordination Arrangements for Post-Nargis Recovery in Myanmar (the Project)

WHEREAS UNDP and MFA concluded a Framework Agreement on 2 December 2003 (the Framework Agreement) setting out the general arrangements for receipt and use of resources from MFA.

WHEREAS MFA hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the Project,

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the Project.

WHEREAS the Government of Myanmar has been duly informed of the contribution of MFA to the Project,

WHEREAS UNDP shall designate an Executing Entity or under the harmonized operational modalities an Implementing Partner for the implementation of the Project (The Executing Agency),

NOW THEREFORE UNDP and MFA hereby agree as follows:

**Article I  
Scope and Objective**

1 This Agreement together with the Framework Agreement sets forth the terms and procedures for MFA's contribution to the Project which is summarized in Annex I to this Agreement and more fully described in the Project Document support for Nargis recovery programme in Myanmar dated 03 November 2009,

2 The Goal of the Project is to enhance the effectiveness of recovery assistance to Myanmar by improving the coordination between the Government and the international aid community, both at township and Yangon level, and to promote real interaction on substantive recovery matters between various stakeholder

3 The Objectives of the Project are to revise and strengthen existing coordination mechanisms and establish new structures adapted to the emerging recovery phase, as specified in PONREPP and in the handbook "Coordination Arrangements for Post-Nargis Recovery". To establish a Recovery Forum to oversee international aid and assistance, which will set coordination policy and standards, review overall progress, address gaps and overlaps, mobilise funds, and discuss policy issues relevant to recovery with government representatives. To establish a single Recovery Coordination Centre to lead and backstop the coordination effort in the field and in Yangon, expediting the resolution of field-priority issues and constraints, monitoring aid flows and funding gaps, and informing the Recovery Forum with analytical papers and reviews. And to establish Hub Offices covering the affected Townships, which facilitate and proactively coordinate the work of assistance actors and local authorities

**Article II. The Contribution**

MFA shall, subject to Parliamentary appropriation and on the terms and conditions set forth in this Agreement, and Article II, Paragraph 5 of the Framework Agreement and in accordance with the schedule of payments set

out below, contribute to UNDP an amount not exceeding NOK 3 000 000 to be used exclusively to finance the Project and cover the costs referred to in Article VI, paragraph 1 covering the period November 2009-December 2010. The contribution shall be deposited in DNB NOR Bank ASA, Stranden 21, Aker Brygge, 0021 Oslo, Norway, UNDP Contributions (NOK) Account #7001-02-43287, IBAN# NO4370010243287, SWIFT# DNBANOKK, Bank Code: 00019, Account code: 1001.

<u>Schedule of payments</u>	<u>Amount</u>
1 <sup>st</sup> week of December	3 000 000 NOK

UNDP shall promptly upon identification in writing acknowledge receipt of the funds.

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

2. After consultation with UNDP, MFA may withhold disbursements in case of:
  - (a) substantial deviations from agreed plans and budgets;
  - (b) failure of UNDP to provide the reports in Article IV as agreed;
  - (c) evidence of financial mismanagement of the Project.

MFA may claim repayment in full or in part of funds from the contribution to the extent UNDP has been able to obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the Financial Regulations and Rules of the UNDP. Before withholding disbursement or reclaiming payment UNDP and MFA shall consult with a view to resolving promptly the matter. UNDP reserves the right to reduce, suspend or terminate the activities, in its sole discretion.

### **Article III. Utilization of the Contribution**

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 II, Paragraph 1.
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 MFA on a timely basis a supplementary estimate showing the further financing that will be necessary.
3. If the payments referred to in Article II, Paragraph 1 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 MFA or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

### **Article IV. Administration and reporting**

1. For the implementation of this Agreement MFA shall be represented by the Royal Norwegian Embassy in Bangkok and UNDP's office in Myanmar. All communication concerning the Project shall be between the abovementioned representatives.
2. Representatives of MFA and UNDP shall have annual consultations once a year, *in accordance with* the Framework Agreement Article VIII, in order to:
  - a. review the progress of the Project

- b. discuss possible revisions of plans and budgets
  - c. discuss issues of special concern for the implementation of the Project.
3. The documents specified in the Framework Agreement Articles V and VI shall form the basis for the annual consultations.
  4. Project management and expenditures shall be governed by the Financial Regulations and Rules of UNDP. If matters arise during the execution of the Project, which are considered by UNDP of substantive character, UNDP shall inform and consult with MFA. UNDP shall ensure that the contribution is recorded in the accounts of UNDP and reported together with all other non-core (Other resources) contributions to UNDP from Norway.
  5. UNDP headquarters and country office shall provide reporting to MFA as outlined in the Framework Agreement prepared in accordance with UNDP accounting and reporting procedures.
  6. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of MFA. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

#### **Article V. Evaluation**

All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of Myanmar 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 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. Management 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(s), 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 programme/project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the programme/project under this Agreement as well as funds which may be available to the programme/project for programme/project costs and for support costs under other sources of financing.

#### **Article VIII. Audit**

Arrangements for audit of project activities are as set forth in the Framework Agreement.

#### **Article IX. Completion, termination and amendments**

1. UNDP shall notify MFA when all activities relating to the Project have been completed.
2. After consultations have taken place between MFA, UNDP and the Government of Myanmar, 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 MFA. 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.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments and liabilities incurred in implementation of the Project up to the date of termination have been satisfied and the Project activities brought to an orderly conclusion.
4. Any payments that remain unexpended after such commitments and liabilities have been satisfied may be utilized for the benefit of other activities within the Project upon agreement between the Parties.
5. The Agreement may be amended through an exchange of letters between MFA and UNDP. The letters exchanged to this effect shall become an integral part of the Agreement.

#### Article X. Entry into Force

1. This Agreement shall enter into force upon its signature by both Parties and shall remain in force until all obligations arising from it have been fulfilled and all commitments and liabilities incurred in the implementation of the Project have been satisfied. Whether these obligations shall be regarded as fulfilled shall be determined in consultations between the Parties.

IN WITNESS WHEREOF, the undersigned, acting on behalf of their respective institution, have signed the present Agreement in the English language in two copies.

For the Norwegian Ministry of Foreign  
Affairs:

  
Name: Erling Rimestad

Title: Assistant Director General,  
Section for Asia and Oceania

Date:

For the United Nations Development  
Programme:

  
Name: Bishow Parajuli

Title: UNDP Resident Representative

Date:

7/12/09