



PAK/00014116 (SGP)

4 August 2008

Dear Ms. Shah,

**Cost Sharing Agreement between United Nations Development Programme and
British Petroleum Pakistan**

We are pleased to share with you original signed copy of cost sharing agreement between United Nations Development Programme and British Petroleum Pakistan.

We appreciate your keen interest in UNDP-GEF Small Grants Programme and look forward to our continued collaboration for successful implementation of the programme..

With warm regards,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Abdul Qadir Rafiq', is written over a horizontal line.

Abdul Qadir Rafiq
Programme Officer

Ms. Samia Ali Shah
Communication & NGO Lead
BP Pakistan Exploration
Islamabad

C.c: Mr. Masood Lohar, National Programme Coordinator, GEF Small Grants Programme, Hyderabad.

COMUNICATION UNIT	
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31 JUL 2008	
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**COST-SHARING AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
AND BP PAKISTAN EXPLORATION AND PRODUCTION INC. (THE DONOR)**

UNDP and the Donor hereinafter collectively are referred to as the "Parties".

WHEREAS the Donor has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to UNDP on a cost-sharing basis towards implementation of the programme.

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the program: PAK/SGP/OP4 and title Global Environment Facility Small Grants Program (GEF-SGP)

WHEREAS UNDP declares that the Government of Pakistan has been duly informed of the contribution of the Donor to the program,

WHEREAS UNDP shall designate GEF Small Grants Program as Executing Entity for the execution of the programme (hereinafter referred to as "the Executing Agency"),

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

Article I. The Contribution

1. (a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of US \$ 200,000 (United States dollars two hundred thousand only) for 2008. The contribution shall be deposited in the following bank account:

UNDP Representative in Pakistan USD Account
 Bank of America, 1401 Elm St., Dallas TX 75202
 Account No: 3752220711
 ACH Routing Number: 111000012 (to be used only by US-based banks using ACH payment type);
 Wire routing number: 026009593
 SWIFT address: BOFAUS3N

<u>Schedule of payments</u>	<u>Amount</u>
Contribution upon execution of this agreement:	US \$ 200,000

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- (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 above schedule of payment takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended with mutual consent of the Parties to be consistent with the progress of programme delivery.
3. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP
4. 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 programme/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 may consider to arrange for 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 programme/project under this Agreement may be reduced, suspended or terminated by UNDP.

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

5. The Donor's entire responsibility hereunder shall be limited to the provision of the contribution as specified in Article 1 (a).

Article III. Administration and reporting

1. Programme 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
2. UNDP headquarters and country office shall provide to the Donor all 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 (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;
 - (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;
 - (c) 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 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 and other costs, the contribution shall be charged a fee equal to 7% (i-e US\$ 14,000). 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 at Annexure "A" 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 V. Evaluation

All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of Pakistan 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. 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 a biannual 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. Advertisement of the contribution

1. The Donor or UNDP shall not use each other's name or emblem, or any abbreviation thereof, in connection with their respective activities or otherwise without the express prior written approval of the other in each case. In no event will authorization be granted for commercial purposes, or for use in any manner that suggests an endorsement of other's products or services.
2. The Donor acknowledges that it is familiar with UNDP's ideals and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNDP. (Similarly, UNDP acknowledges that it understands the nature of Donor's business activities and recognizes that Donor's name or emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the reputation and neutrality of Donor).
3. The Donor may make representations to its shareholders and internal budget officials as required about the fact of the contribution to UNDP. Any other use of the UNDP name or emblem, and any other form of recognition or acknowledgement of the contribution of the Donor are subject to consultations between the Parties, and the prior written consent of UNDP not to be withheld unreasonably.
4. UNDP will report on the contribution to its Executive Board in accordance with its regular procedures regarding contributions from private donors. Other forms of recognition and acknowledgement of the contribution are subject to consultations between the Parties, but the

manner of such recognition and acknowledgement shall be determined at the sole discretion of UNDP.

Article IX. Completion of the Agreement

1. UNDP shall notify the Donor when all activities relating to the programme/project have been completed.
2. Notwithstanding the completion of the programme/project, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the execution/implementation of the programme/project have been satisfied and programme/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 X. 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 programme/project, sufficient to meet all commitments and liabilities incurred in the execution/implementation of the programme/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 this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in execution/implementation of all or part of the programme/project for which this Agreement has been terminated have been satisfied and programme/project activities brought to an orderly conclusion.
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 XI. 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 XII. Settlement of Disputes

1. The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Agreement or the breach, termination or invalidity thereof. Where the Parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with UNCITRAL Conciliation Rules then obtaining, or according to such procedure as may be agreed between the Parties.

2. Any dispute, controversy or claim between the Parties arising out of or relating to this Agreement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, shall be referred by either party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

Article XIII- Privileges and Immunities

Nothing in this agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP.

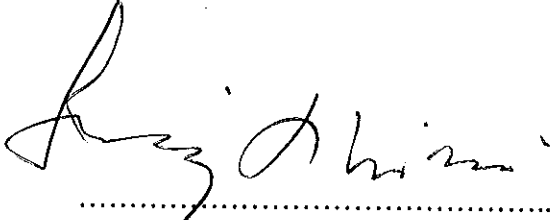
Article XIV. Entry into Force

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.

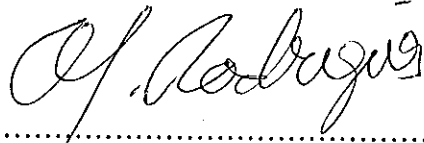
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

For and on behalf of
BP Pakistan Exploration and Production, Inc.

For and on behalf of
United Nations Development Programme



.....
Name: Tariq Khamisani
Title: President
Date:



.....
Name: Alvaro Rodriguez
Title: Country/Director
Date: 1/8/08

Annexure "A"

GEF SGP-BP Project Budget 2008

a) Direct Projects Cost :	US\$ 170,000.00
b) Admin Cost of GEF SGP Secretariat (8%)	US\$ 16,000.00
c) GMS Services (7%)	US\$ 14,000.00