

CO-FINANCING AGREEMENT
BETWEEN THE MINISTRY OF REGIONAL DEVELOPMENT AND TOURISM AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME
for the implementation of the pilot project “Integrated urban development for the
rehabilitation and modernization of Borsec, Baile Herculane and Sulina tourist destinations
as support for sustainable tourism activities”

WHEREAS the Ministry of Regional Development and Tourism (hereinafter referred to as “MRDT”) and the United Nations Development Programme (hereinafter referred to as “UNDP”), have agreed to co-operate in the development of the project “Integrated urban development for the rehabilitation and modernization of Borsec, Baile Herculane and Sulina tourist destinations as support for sustainable tourism activities” (hereinafter referred to as "the Project"). The summary of the Project can be found in Annex A of the current Agreement;

WHEREAS MRDT has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis the resources available for the Project;

WHEREAS the UNDP shall designate an executing entity or implementing partner for the implementation of each project financed from the contribution (hereinafter referred to as "the Implementing Partner")

NOW, THEREFORE, MRDT and UNDP hereby agree as follows:

Article I

1. MRDT shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of 667.000 RON. The financial contribution of MRDT shall be covered by the annual budget provisions approved with the destination of integrated urban development for the rehabilitation and modernization of Borsec, Baile Herculane and Sulina tourist destinations as support for sustainable tourism activities, from the state budget. The financial contribution of the UNDP, highlighted in the Annex of the current Agreement, is 4000 USD, the convertibility being provided according to the UNDP procedures.
2. MRDT, shall, in accordance with the schedule of payments set out below, deposit the contribution in the UNDP RON account no. RO02BRDE450SV03466804500 opened at the BRD GSG branch Mari Cliești Corporativi.

<u>Payment due date</u>	<u>Amount</u>
Within maximum 30 calendar days from the date when UNDP is notified about the entrance into force of this Agreement	RON 133,400
Within maximum 60 calendar days from the date when UNDP is notified about the entrance into force of this Agreement	RON 400,200
Within maximum 120 calendar days from the date when UNDP is notified about the entrance into force of this Agreement	RON 133,400

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.

3. All financial accounts and statements shall be expressed in US Dollars.

4. UNDP may agree to accept contribution-payments in a currency other than US dollars as long as the currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 5, below. Any change in the currency of contribution-payments shall be made only in agreement with UNDP.

5. The value of a contribution-payment, if made in a currency other than US dollars, namely the national currency, 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 contribution-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 MRDT with a view to determining whether any further financing could be provided by the MRDT. Should such further financing not be available, the assistance to be provided to the Project under the current Agreement may be reduced, suspended or terminated by UNDP.

6. Any interest income attributable to the contribution shall be credited to the UNDP account and shall be utilized in accordance with established UNDP procedures for the benefit of the Project.

Article II

1. In accordance with UNDP's Executive Board regulations, rules and directives, 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 3%. 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 the current 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 and directives, applying its normal procedures for the execution of its projects.

2. 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 Executing Entity/Implementing Partner.

Article IV

1. The implementation of the responsibilities of the UNDP and of the Executing Agency/Implementing Partner pursuant to the current 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.

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 MRDT, on a timely basis a supplementary estimate showing the further financing that will be necessary. MRDT shall use its best endeavors to obtain the additional funds required.

3. If the contribution-payments 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 MRDT or other sources, the assistance to be provided to the Project under the current 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, up to the time when they shall be turned over to MRDT or to another entity designated by the former, depending on the terms and ways mutually agreed by the MRDT and the UNDP.

Article VI

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

Article VII

UNDP shall provide to MRDT, on request, financial and other reports prepared in accordance with UNDP reporting procedures

Article VIII

1. UNDP shall notify MRDT when all activities relating to the contribution have been completed
2. Notwithstanding the completion of all activities relating to the contribution, UNDP shall continue to hold unutilized contribution-payments 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 contribution-payments prove insufficient to meet such commitments and liabilities, UNDP shall notify MRDT and consult with the MRDT, on the manner in which such commitments and liabilities may be satisfied
4. Any contribution-payments that remain unexpended after commitments and liabilities referred to the current Agreement have been satisfied shall be disposed of by UNDP in consultation with MRDT.

Article IX

1. After consultations have taken place between the two Parties of the current Agreement and provided that the contribution-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, the current Agreement may be terminated by UNDP or by the MRDT. The current 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 MRDT and consult with MRDT, on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of the current Agreement, UNDP shall continue to hold unutilized contribution-payments 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. Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the MRDT.
4. Should any dispute arise related to the development of the current Agreement, the Parties agree to settle it amiably.
5. Should such dispute not be settled amiably, the provisions of Art. XII of the Agreement between the Government of Romania and the United Nations Programme for Development shall be applied, signed in Bucharest, on 23 January 1991.

Article X

The current Agreement shall enter into force upon UNPD receiving the notification by which the Romanian Party confirms the fulfilment of internal legal procedures required by its entering into force.

IN WITNESS WHEREOF, the representatives duly authorized of the two Parties have signed the present Agreement. Signed on _____ in Bucharest, in two original copies, in the Romanian and the English languages, both copies being equally authentic. Should there be any dispute regarding the interpretation, the text in the English language shall prevail.

For the MRDT:
(on behalf of the Romanian Government)

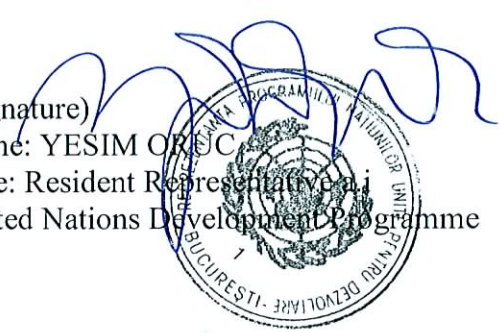
For UNDP:

(Signature)
Name: ELENA GABRIELA UDREA
Title: Minister
Ministry of Regional Development
and Tourism, the Government of Romania

(Signature)
Name: YESIM ORUC
Title: Resident Representative
United Nations Development Programme

Date:
Place: Bucharest

Date: 18/10/2011
Place: Bucharest



Joint UN Programme**Country: Romania*****Integrated urban development for the rehabilitation and modernization of Borsec, Baile Herculane and Sulina tourism destinations as support for sustainable tourism activities (PIUD-STABBS)*****Outcome of the UN cooperation framework:**

By the end of 2015, line ministries will have enhanced their capacity to implement innovative programs for social inclusion, economic and political empowerment of vulnerable groups, and to consolidate democratic practices with the potential to be adapted to the country needs, priority being given to the Official Development Assistance (ODA) granted by Romania (Outcome 2)

Expected CP outcome(s):

Enhanced capacity to implement innovative programs for social inclusion, economic and political empowerment of vulnerable groups (CPAP Outcome 1)

Expected output(s):

Strengthening national institutional capacities for rehabilitation of urban and rural cultural heritage of regional and global significance for community and tourism development

Implementation partner:

Ministry of Regional Development and Tourism

Parties in charge:

UNDP, UN World Tourism Organization (UNWTO)

Brief Description:

This programme is designed to support the Government of Romania in achieving its development objectives through building a successful tourism sector based on its cultural heritage and environmental assets in line with the adopted National Tourism Strategy. More specifically, the projects will concentrate on the development of integrated development plans for three tourism destination that will be used as pilot areas, namely: Baile Herculane, Borsec and Sulina. The Joint Program will allow the Romanian Ministry of Regional Development and Tourism (MRDT) to identify the priority areas of intervention, the specific action plans for each of the localities along with further investment requirements, taking into consideration public and private resources. These three localities will have the benefit of a community driven, local area development plan with measurable targets and a monitoring system to determine achievements and areas requiring further interventions.

Programme duration: 6 months
Foreseen beginning and completion dates:

Fund management arrangements: Collective
Managing agent: UNDP

AWP budget for 2011: USD 234 000

Total necessary resources: USD 234 000

Total resources allocated:

- Internal USD 4 000
- Other:
 - Government USD 230 000

The Ministry of Regional Development and Tourism:

The United Nation Development Programme:

The United Nation World Tourism Organisation:



Situation Analysis

A comprehensive situation analysis of the Romanian tourism sector has already been prepared with the technical cooperation of the UN World Tourism Organization (UNWTO) under the auspices of the Ministry of Regional Development and Tourism and is presented in the Executive Summary of the National Tourism Development Master Plan (http://www.undp.ro/libraries/ROMP_ExecSum.pdf).

Despite the elaboration of this multi sector approach master plan, the Ministry of Regional Development and Tourism requires the further alignment of current plans and investments so as to ensure that the Master Plan results in tangible benefits to the tourism sector, on one hand; but more significantly so that local level social and economic benefits can accrue from the implementation of this Master Plan. For this purpose, there is the acknowledgement of the need for vertical and horizontal integration of development and investment plans and institutional mandates by employing participatory stakeholders' analysis and rationalization. The project at hand responds to this need by focusing on three localities (Baile Herculane, Borsec and Sulina) for which the National Tourism Development Master plan has been partially activated; and which have become subjects of other streams of planning and investments.

Most recently, national partners of UNDP and the UNDP organized a series of conferences in Romania focussing on the economic development potentials of cultural heritage rehabilitation, based on national and international best practices. Experience in Romania and elsewhere suggests that urban cultural heritage rehabilitation can leverage significant economic benefits for the local economy if and when such rehabilitation efforts are rationalized in the context of broader economic and social development measures and instruments such as local and national economic development schemes, national and local instruments for spurring local economic enterprises and private-public partnerships for human resources and workforce development. When such integrated approaches are pursued, examples from Alba Iulia and Brasov for instance indicate, measurable and tangible local economic benefits also ensue.

In this context, the Ministry of Regional Tourism and Development of Romania and UNDP as a partner will identify the economic and social development vectors, the instruments and funds available both at national and local level in order to apply the National Tourism Development Strategy for the benefit of the three pre-identified tourism destination resorts, linking tourism development with existing opportunities in Baile Herculane, Borsec and Sulina which aims to generate economic growth and social development.

Overall Objective and Strategies

The overall objective of the project is to formulate the elements of a sustainable tourism sector in Baile Herculane, Borsec and Sulina which integrates tourism sector development to local area economic growth and social development. To that end, UNDP will coordinate project inputs and outputs with a view to ensuring that the elements of a tourism sector development for the three towns are prepared, which are linked to the local and national instruments and policies for economic regeneration of public and private enterprises, as well as to building the individual capacities of the population in these towns so that the benefits of the tourism sector are more equitably distributed among the population at large. An important consideration in integrating the tourism sector development to local economic and social benefits is also the local physical environment, the improvement of which is also the mandate of the Ministry of Regional Development and Tourism.

This policy and instrumental integration will be achieved by:

- 1- Identifying priority investment actions for Baile Herculane, Borsec and Sulina, which will contribute to the national tourism strategy and will also heed the global commitments to protect and promote the environmental and cultural assets and resources in line with the best practices in the field
 - a. A comprehensive but simple quality control and ranking system to be used by the local authorities in the three districts, based on 'value for money' at each level and for all standards of tourism facilities
 - b. A tourism marketing action plan based on regional and international trends and including the identification of immediate (0-1 yr) and short term (1-5 yrs) promotional activities

- 2- Identifying and mobilizing national and local economic and social development instruments, including those targeted for private enterprise and human resource development for enhancing the economic benefits of the tourism sector in Baile Herculane, Borsec and Sulina
- 3- Capacity building: Formulating a comprehensive but simple development planning and control system based on the existing institutional organization and on the stakeholders' engagement, enabling the local authorities to exercise planning and maintain proper control over the type and scope of development, infrastructure, land use, urban design, rehabilitation and conservation of the natural and cultural heritage, as well as over the enforcement procedures against illegal and unauthorized constructions and exploitation of the natural and man-made resources

The above listed individual outputs of the project will be presented together with the identified actions: (i) immediate-term (0-1 year); (ii) short term (1-5 years); and (iii) medium and long-term actions identified. The immediate term action plans will assess and assist either the existing or the planned tourism facilities in the three localities, taking into account the ongoing interventions financed from either the local or the central budget. The short to medium-term strategy and action plans will set up the framework for the sustainable and comprehensive planning and development of tourism infrastructure in the proposed localities and they will be supported by conceptual pilot project plans based on the best international and, not least, national standards.

The approximately 6 month programme will involve the presence of a core group of national and international experts working closely with the local authorities and communities, who will act as a resource to facilitate the production of the project components.

ANNUAL WORKING PLAN - YEAR: 2011

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME												RESPONSIBLE PARTY	PLANNED BUDGET							
		W -2	W -1	W 1	W 2	W 3	W 4	W 5	W 6	W 7	W 8	W 9	W 10		W 11	W 12	Funding Source	Budget Description	Amount (USD)			
<p>An integrated development plan for each of the three proposed locations</p> <p><i>Baseline:</i> Integrated approach inconsistent</p> <p><i>Indicators:</i></p> <p><i>Targets:</i> Completion and circulation of a report outlining the development plan for each of the three designated localities including an Immediate Term, 0-1 year action plan for rehabilitation.</p>	<p>Formulation of priority multi sector investment actions for Bäile Herculane, Borsec and Sulina which contributes to the national tourism strategy but which also heeds the global commitments to protect and promote environmental and cultural assets and resources in line with best practice</p>																MDRT	Chief Technical Adviser (UNWTO) National Technical Adviser (UNDP) Built Heritage Specialist(UNDP) Legal Expert (UNDP) Local Teams (6/locality)	125.000			
																			MDRT	Chief Technical Adviser (UNWTO) Local Teams (6 per locality)	30.000	
																				MDRT	National Adviser Physical Planner Economist	30.000
																				MDRT UNDP	National Technical Adviser Physical Planners Legal Expert Built Heritage Specialist	23.500
Output and circulation after week 6 of the project.	Set up of the project technical team and management																	GOV	GMS UNWTO Travel UNDP Travel/Workshops Audit	6.500 9.000 8.000 2.000		
TOTAL																					234.000	

Management arrangements:

Through its Directorate for Tourism and Regional Development, the Ministry of Regional Development and Tourism is the partner in charge with general coordination. The programme has been formulated in the context of the UNDP Country Programme for 2010-2012 and of the Country Programme Action Plan (UNDP CPAP) for 2010-2012. The Ministry of Regional Development and Tourism is explicitly mentioned in the UNDP CPAP as the Implementing National Partner. Thus, all the UNDP projects mentioned in the Country Programme are carried out at national level with an implementing national partner, which is in this case the Directorate for Tourism and Regional Development within the Ministry of Regional Development and Tourism. In accordance with the CPAP provisions, UNDP is the party in charge of the project, appointed through the National Implementation to generally manage the project resources, including the experts and specialized assistance mobilized by another UN agency (UNWTO – the World Tourism Organization). As part of the project drafting process, UNDP appointed UNWTO as party in charge with selected project components in accordance with the UN Joint Programming approach. UNDP is the Managing Agent of the Joint Programme; the funding arrangement is collective, as UNDP will mobilize the Project resources from its own internal sources and from government contributions under a co-financing agreement.

Taking into account its institutional experience and proven expertise in implementing similar interventions both in Romania and in other parts of the world, UNDP will ensure coordination of the technical and administrative aspects of this intervention by establishing a national project implementation and coordination unit.

The Project Management Council will (as seen in the figure below) include representatives of MRDT, UNDP and the local authorities; its role will be to define the mission goals, to approve the outcomes of the multidisciplinary teams and to monitor the project activities.

Considering the specific issues of each intervention area envisaged, as well as the tight project submission deadline, UNDP will – in its capacity of Managing Agent – send a team of national experts to each proposed location and will reunite the teams in Bucharest for the final acceptance. The project team will be led by the Senior Technical Advisor and by the National Coordinator - National Project Planner; it will include one Expert Infrastructure Designer, one Economist, one National Environmental Advisor, one Community Mobilization Expert (the Human Resources component) and one Built Patrimony Expert, all being required to perform their activity in the three towns, plus one Legal Advisor who will work in Bucharest. A Project Assistant, preferably recruited from one of these towns, will provide local support for the team. (The list of experts to be appointed is given by way of indication and can be amended according to the existence of such expertise on the market and to the resources that UNDP can mobilize from its regional and global network as well as from the specialized agency UNWTO).

The expert team led by the STA and the NC will remain at each project location for no longer than three weeks; they will perform detailed assessments of the current limitations in the development of the area and its potential for tourism. They will perform their reporting duties while on site. Having completed their activities on site, the experts will present their findings – through a participative platform called by the NC and the local project Assistant – before the local stakeholders and authorities, in order to obtain their consent and support for the proposed actions. During the last week of activity, the team will operate at the UNDP headquarters in Bucharest, in close relation to the staff in charge of the Project, as appointed by the Implementing National Partner MRDT.

UNDP and the Implementing National Partner will sign a Letter of Agreement on providing the necessary project services. Moreover, UNDP will sign letters of agreement with specialized UN agencies, namely with UNWTO, to establish the resources and responsibilities of the respective agency within the project.

Organizational structure of the Project

Managing Board: MRDT – UNDP – Town Halls (Borsec, Baile Herculane, Sulina)

Ensuring Project progress: UNDP through the specialized technical assistance of UNWTO

DGT and DG for Territorial Development within MRDT

Project Team

Legal advisor
1 m/m

1. Senior Technical Advisor (STA)
3 m/m for a total of 3 weeks in Bucharest

2. National Project Coordinator (NPC)
3 m/m for a total of 3 weeks in Bucharest

**Borsec – Baile Herculane – Sulina
with 1 week in Bucharest**

3. Urban Planner (physical planning) 2.5 m/m (several positions)
4. Infrastructure Expert 2.5 m/m (several positions)
5. Economist 2.5 m/m
6. Environmental Expert 2.5 m/m
7. Community Mobilization Expert 2.5 m/m
8. Built Patrimony Expert 2.5 m

Project Assistants (3)
- Borsec
- Baile Herculane
- Sulina

**Town halls
(Borsec, Sulina,
B. Herculane) and
local
stakeholders**

Monitoring and Assessment Framework

In accordance with the programming policies and procedures described in the UNDP Procedure Manual, the Project will be monitored with the aid of the following mechanisms:

Within the Project cycle

- A weekly quality assessment will record progress to achieving the key outcomes based on the quality criteria and methods listed in the Quality Management table below.
- The Project Manager will activate and update an Issues Log in Atlas, in order to follow and solve any issues or requests for changes.
- A Risks Log will be activated in Atlas based on the initially formulated risk analysis; it will be updated regularly by examining the external environment that might impact the project development.
- Based on the above information registered in Atlas, the Project Manager will submit Project Progress Reports (PPR) to the Project Management Council every two weeks through UNDP (Ensuring Project Progress), by using the standard reporting format available – Executive Snapshot.
- A Project Lessons Log will be activated and updated regularly to ensure that the organization is constantly learning and adapting, as well as to facilitate the preparation of the Lessons Learned Report at the end of the project.
- A phased Monitoring Plan will be activated and updated in Atlas so that the main management actions/events can be followed up.

Quality Management for the Project Activities Outcomes

PRODUCT No. 1: An integrated development plan for each of the proposed locations		
Outcome 1 of the Activity	<i>Technical Assistance for Tourism Development</i>	Beginning date: Completion date:
Aim	<ul style="list-style-type: none"> • To prepare comprehensive and concrete general guidelines (per areas) for the towns envisaged for tourism purposes, including practical and realistic requirements; • To increase cooperation between the government and the private sector; • To increase the participation of the local community and their capacity to earn their living; and • A practical, efficiently-built institutional framework for developing the tourism infrastructure. 	
Description	<p><i>Activities planned with the aim of reaching the activity results.</i></p> <p>Examining and evaluating the current development policies and strategies for the envisaged tourist resorts.</p> <p>On site evaluation of the existing strategies and programs for tourism development, including talks with officials from the national and local authorities, officials from the tourism authorities and other relevant stakeholders.</p> <p>Identifying and assessing the existing tourism development projects and of the related infrastructure, as well as examining the services, access and availability of the transports and infrastructure.</p>	
Quality Criteria <i>How/what indicators will be used to measure the quality of the activity results?</i>	The Quality Approach <i>Means of checking. What method will be used to determine whether the quality criteria have been met?</i>	Assessment Date <i>When will quality be assessed?</i>
PIUD accepted by the Project Management Council	PIUD approved by the Project Management Council	Twice a week
The activities listed in PIUD are feasible		

Legal Framework

This document, together with the Country Programme Action Plan of UNDP Romania (CPAP) signed by the Government and UNDP, which is included herein by reference, represents a Project Document as defined in the Standard Basic Assistance Agreement (SBAA), therefore all the CPAP provisions shall apply to this document.

In accordance with Article III in SBAA, the implementing partner is liable for his own safety and security, as well as for the safety and security of his staff and goods and the UNDP goods under its possession.

The implementing partner is under the obligation to:

- a) Set up an appropriate and updated protection plan, taking into account the security background in the country where the project is developed;
- b) Take all the risks and responsibility related to ensuring the partner's security as well as to entirely applying the protection plan.

UNDP reserves the right to check on the existence of such a plan and suggest modifications of the plan where necessary. The absence of an appropriate protection plan as hereby required shall be considered as a breach of this Agreement.

The implementing partner agrees to take all the reasonable steps to make sure that no UNDP funds received on the basis of the Project Document are used to support terrorism-related natural persons or legal entities, and that those persons receiving any of the amounts hereby supplied by UNDP are not in the list drafted by the Security Council Committee and set up according to the Resolution no. 1267 of 1999. The list is available at <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision has to be included in all the sub-contracts or sub-agreements signed under the aegis of this Project Document.