

**THIRD-PARTY COST-SHARING AGREEMENT  
THE United Nations Development Program (UNDP) AND  
BETWEEN THE Government of the Republic of Turkey (THE DONOR)**

June 2009

WHEREAS, the Government of the Republic of Turkey (hereinafter referred to as "Donor"), acting through the Turkish International Cooperation and Development Agency (hereinafter referred to as "TIKA") wishes to collaborate with UNDP,

WHEREAS the Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the regional (Europe and the CIS) Growing Sustainable Business in Eurasia project (project number:00057199), as annexed to this agreement;

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

WHEREAS UNDP shall designate an Executing Entity for the execution of the project (the Executing Entity),

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 877 935 USD. The contribution shall be deposited in the following bank account:

**Bank of America Account:**

UNDP Representative in Slovak Republic (USD) Account

DC1-701-07-08, 730 15<sup>th</sup> St. N.W. 7<sup>th</sup> floor, Washington DC

Account No.: 375 217 4553

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

Wire Routing Number: 026009593

SWIFT Address: BOFAUS3N

Schedule of payments

June 1<sup>st</sup> 2009

April 1<sup>st</sup> 2010

February 1<sup>st</sup> 2011

Amount

USD 390 193

USD 292 645

USD 195 097

The first installment corresponds to 16 months of operations – from July 1<sup>st</sup> 2009 to September 30<sup>th</sup> 2010 to avoid any discontinuity in project funding in the critical first year of operations. It corresponds to about 44% of the total amount. The second installment corresponds to 12 months of operations (33% of the total budget). The last installment

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corresponds to the last 8 months of operations from October 1<sup>st</sup> 2011 to May 31<sup>st</sup> 2012 (23% of the total budget).

(b) The Donor will inform UNDP when the contribution is paid via an e-mail message with remittance information to agnes.kochan@undp.org.

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 with written consent to be consistent with the progress of project 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 Executing Entity 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 Executing Entity.

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.

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(a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report 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 (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 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.

If special circumstances so warrant, UNDP may provide more frequent reporting at the request and expense of the Donor, such as itemized financial report. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement, after consultation between UNDP and the Donor.

#### **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(s), all direct costs of implementation, including the costs of executing entity, 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 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 and the Governments of Bosnia and Herzegovina, Kosovo/UNMIK, Kazakhstan and Uzbekistan 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 execution/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 with the written consent of the Donor.

## **Article IX. Termination of the Agreement**

1. This Agreement may be terminated by UNDP or by the Donor, after consultations have taken place between the Donor, UNDP and the programme countries Governments, 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 execution/implementation of the project.. 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. If the second and third installments referred to in Article I, paragraph I, above are not paid, the Donor may terminate this Protocol without any limitation of time.

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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. 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. Any amendment shall enter into force on the date of the receipt of the written notification by which the Donor notifies, through diplomatic channels, of the completion of its internal legal procedures required for the entry into force of the amendment.

**Article XI. Settlement of Disputes**

The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, this Agreement or the breach, termination or invalidity thereof.

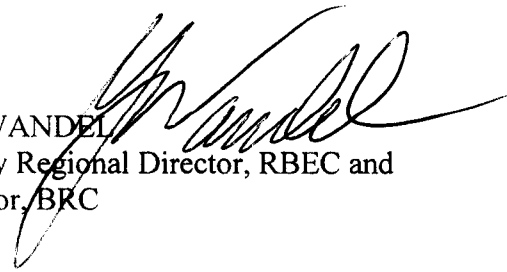
**Article XII. Entry Into Force**

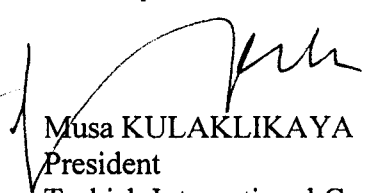
This Agreement shall enter into force following written notification, through diplomatic channels by the Donor of the completion of its internal legal procedures required for the entry into force of the Agreement and upon its signature and deposit by the Donor of the first contribution-payment to be made in accordance with the schedule of payments set out in Article I, paragraph 1 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 two originals in the English language in, on 16/ 07/2009 and \_\_\_\_\_.

**For the United Nations Development Programme:**

**For the Government of the Republic of Turkey:**

  
Jens WANDEL  
Deputy Regional Director, RBEC and  
Director, BRC

  
Musa KULAKLIKAYA  
President  
Turkish International Cooperation and  
Development Agency

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