

**COST-SHARING AGREEMENT BETWEEN  
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)  
AND THE MINISTRY OF SOCIAL WELFARE OF TURKMENISTAN (MSW)**

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and the Ministry of Social Welfare of Turkmenistan (hereinafter referred to as the "MSW") have agreed to cooperate in the implementation of a project "Support to Social Protection System Development"<sup>1</sup> (hereinafter referred to as "the Project "):

WHEREAS the Project is financed by UNDP and MSW contributions (hereinafter referred to as "contributions");

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

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

**Article I**

1. The UNDP shall provide a grant in the amount of **125,000.00 USD** for the initial financing of the project and further support the successful completion of the project (possibly through engagement of donors).
2. The MSW shall, in the manner referred to in paragraph 3 of this Article, place the contribution of **623,485.95 manat**.
3. The MSW shall, in accordance with the schedule of payments set out below, deposit the contribution. The amount should be transferred to:

**Turkmen-Turkish Commercial Bank ,  
Magtymguly Ave. 111/2, Ashgabat, Turkmenistan  
MFO: 390101731, Account: 683011**

	<u>Date payment due</u>	<u>Amount (manat)</u>
(a)	September 2010	180,310.95 manat
(b)	April 2011	285,000 manat
(c)	September 2011	158,175 manat

<sup>1</sup> The programme project is described in the project document [project number and title]. The project document is formally annexed to this agreement. For UNDP programme activities carried out under the harmonized operational modalities, the project document is comprised of the CPAP and AWP.

<sup>2</sup> "Implementing Partner" for UNDP programme activities carried out under the harmonized operational modalities and "Executing Entity" for UNDP programme activities not carried out under the harmonized operational modalities.

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.

4. All financial accounts and statements shall be expressed in United States dollars.
5. UNDP may agree to accept contribution-payments in manat, provided that if necessary they will be fully convertible by commercial banks of Turkmenistan and can be readily usable by UNDP and subject to the provisions of paragraph 6, below.
6. The value of MSW contribution at the moment of its payment shall be determined in US dollars by applying the exchange rate in effect on the date of payment. Should there be a change in 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 of loss because of the difference in exchange rates in the balance of funds, UNDP shall inform the MSW on the need for additional financing by UNDP and/or MSW. Should such further financing not be available, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP. If in case of reassessment of contribution-payment the profit arises, it will be used or returned on the conditions agreed between UNDP and MSW.

#### Article II

1. In accordance with the decision and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Recourses, 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 MSW contribution shall be charged a fee to 3%. 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 total budget of the 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 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 MSW pursuant to this 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 the MSW on a timely basis a supplementary estimate showing the further financing that will be necessary. The UNDP and the MSW shall use its best endeavors to obtain the additional funds required as well as through engagement of the donors.

3. If the contribution-payments referred to in Article I, paragraph 3. 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 MSW contribution or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

#### Article V

1. Ownership of properties financed from the contribution of UNDP 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 in agreement with MSW.

#### Article VI

1. 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

1. UNDP shall provide the MSW on request with financial and other reports prepared in accordance with UNDP reporting procedures.

#### Article VIII

1. UNDP shall notify the MSW 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 MSW and consult with the MSW on the manner in which such commitments and liabilities may be satisfied.
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 MSW.

#### Article IX

1. After consultations have taken place between the two Parties to this 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, this Agreement may be terminated. The 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 the MSW and consult with the MSW on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement by reasons stated in Article I, paragraph 6 or Article IV, paragraph 3, 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 MSW.

**Article X**

1. This Agreement shall enter into force upon signature and deposit by the MSW of the first contribution-payment to be made by the MSW in accordance with the schedule of payments set out in Article I, paragraph 3 of this Agreement.
2. The Agreement shall be made in two copies, each of which is made in Russian and English languages, which have the same legal force. In the case of any discrepancy between the two languages, preference will be given to the Russian text.

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

**For the Ministry of Social Welfare  
Turkmenistan:**



*[Signature]*  
Belmyrat Shamyradov  
Minister of Social Welfare  
of Turkmenistan

Date: \_\_\_\_\_

**For the United Nations Development of  
Programme:**



*[Signature]*  
Lenni Montiel  
UNDP Resident Representative  
in Turkmenistan

Date: \_\_\_\_\_

*[Handwritten mark]*