

United Nations Development Programme (UNDP)

Country: **TURKEY**
Project Document

Project Title: Improving institutional capacity of the Ministry of Industry and Trade to design and implement a cluster support programme in the areas of competitiveness and innovation

UNDAF Outcome(s): Outcome 2: By 2010, social and economic policies for poverty and disparity reduction implemented effectively and quality basic services reaching vulnerable groups ensured.

Expected Country Programme Action Plan Outcome: Outcome 5: Competitiveness of socially and environmentally responsible private sector increased.

Expected Output(s): Output 5.1: Turkey's companies receive support for increased competitiveness and improved pro-poor, pro-environment approaches aligned to EU norms.

Implementing Partner: Ministry of Industry and Trade (MoIT, GD for Crafts, Industrial Zones and Estates)


Responsible Parties: Ministry of Industry and Trade (MoIT, GD for Crafts, Industrial Zones and Estates) and UNDP


Brief Description

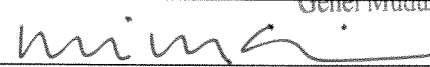
The purpose of the project is to develop a cluster support programme for the Ministry of Industry and Trade, and to improve the institutional capacity of the Ministry to design and implement the programme. The Project is composed of 3 main activities:

- (1) Development of the cluster support programme:** The purpose of the first activity is to design a cluster support programme, complete with a competitive and transparent cluster selection process. Achievement of this purpose involves development of the required documentation (i.e. application manuals, evaluation guidelines etc.) and an advanced draft of the secondary (or tertiary) legislation.
- (2) Improving the institutional capacity of the MoIT:** The purpose of this activity is to establish the required skills and capabilities at the MoIT. This will be achieved by developing and delivering training programmes for the MoIT staff members with a promotion of equal participation of women and men during those trainings.
- (3) Designing the monitoring and evaluation tools:** The purpose of this activity is to establish monitoring and evaluation (M&E) capabilities in order to assess the efficiency and effectiveness of the cluster support programme, as well as its socio-economic impact in the long-term. Assessing socio-economic impact of the cluster support programme includes the impact, *inter alia*, on competitiveness, innovative capacity, empowerment of women entrepreneurs and labor force, protection of environment, sustainable development etc.

Programme Period	2006-2010	2010 AWP Budget (including GMS)	361.298 USD
Key Result Area (Strategic Plan):		Total resources required:	361.298 USD
Poverty Reduction		Total allocated resources	361.298 USD
ATLAS Award ID		Government (MoIT, 2010)	361.298 USD
Start date	February 2010	GMS (3%)	10.523 USD
End date	January 2011		
PAC Meeting Date	04.06.2009		
Management Arrangement:	NIM		

Agreed by the Government of Turkey: Sibel MÜDERRİSOĞLU  26.02.2010, Ankara
Head of Department

Agreed by the Ministry of Industry and Trade: Aygun MEMİŞOĞLU  09.03.2010
Genel Müdür Yardımcısı

Agreed by UNDP Ulrika Richardson-Golinski  19/03/2010

Ulrika Richardson-Golinski
Resident Representative a.i.

I ANNUAL WORK PLAN

Year: 2010

EXPECTED OUTPUTS	PLANNED ACTIVITIES (and Actions)	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (\$)
Output 1: Cluster Support Programme (CSP) for the Ministry of Industry and Trade Baseline: <ul style="list-style-type: none"> No formalized CSP [Draft] regulation developed by the MoIT No Monitoring and Evaluation (M&E) System Indicators: <ul style="list-style-type: none"> CSP Regulation on supporting clusters (MoIT) # of women and men as trained staff members M&E System (including gender sensitive indicators & gender disaggregated data) Targets (2010): <ul style="list-style-type: none"> CSP First draft of the Regulation on supporting clusters (MoIT) At least 40 women and men staff members trained M&E System (including gender sensitive indicators & gender disaggregated data) Resource booklet Related CP outcome: Competitiveness of socially and environmentally responsible private sector increased	1. Development of the cluster support programme <ol style="list-style-type: none"> Stakeholder meetings Development of the application documents and guidelines Design of the evaluation process Development of the advanced draft of the secondary legislation 	X	X	X		Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates)	Government - Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates)	71200 Int'l Consultants 71300 Local Consultants 71600 Travel 72100 Contractual Svc 72500 Supplies 74100 Professional Svc. 74500 Misc. Expenses	54 750 70 000 16 625 17 500 3 500 1 750 5 000
	2. Improving the institutional capacity of the MoIT <ol style="list-style-type: none"> Training programmes Development of a resource booklet Organization of int'l study tour(s) Development of the orientation programme for potential evaluators 	X	X	X	X	Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates)	Government - Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates)	71200 Int'l Consultants 71300 Local Consultants 71600 Travel 72100 Contractual Svc 72500 Supplies 74100 Professional Svc. 74500 Misc. Expenses	39 000 27 000 35 400 17 500 1 000 1 250 0
	3. Designing the monitoring and evaluation tools <ol style="list-style-type: none"> Development of an M&E manual 	X	X	X	X	Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates)	Government - Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates)	71200 Int'l Consultants 71300 Local Consultants 71600 Travel 72100 Contractual Svc 72500 Supplies 74100 Professional Svc. 74500 Misc. Expenses	24 000 19 500 5 500 0 2 000 2 000 7 500
	TOTAL						GMS (3%)		10 523
									361 298

* Project budget is subject to revision and reallocation between categories and activities as needed/required
 UNDP's Corporate Cost Recovery Policy shall be applicable for reimbursement of UNDP's direct implementation support costs.

II MANAGEMENT ARRANGEMENTS

A Project Board (PB) is going to be established. PB will be responsible for the overall direction and management of the project. The Project Board will approve all major plans and authorize any major deviation from agreed plans. PB will ensure that required resources are committed, will arbitrate on conflicts (if any) within the project, and will negotiate a solution to any problems between the project and external bodies.

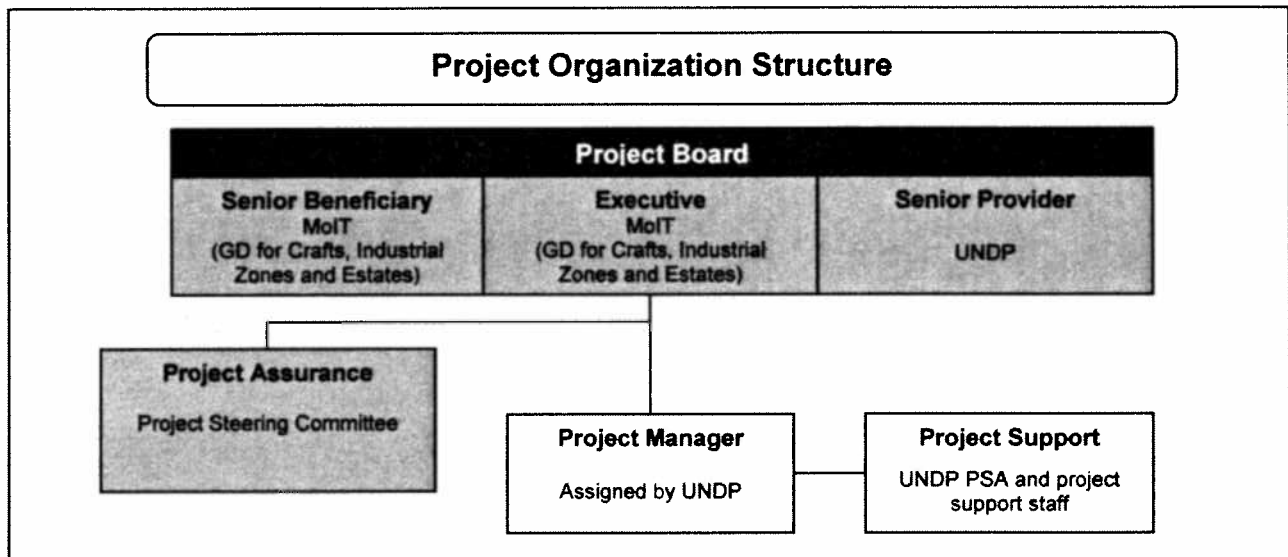
During the implementation of the project specific roles of the PB will include:

- provision of overall guidance and direction to the project, ensuring it remains within any specified constraints
- review of each completed stage and approval of progress to the next
- review and approval of plans and any **exception plans**

At the end of the project PB will:

- assure that all products have been delivered satisfactorily
- approve the **End Project Report**
- approve the **Lessons Learned Report**
- decide on the recommendations for **follow-on actions** and the passage of these to the appropriate authorities
- approve, where appropriate, of a Post-Project Review Plan

The PB will be composed of the Ministry of Industry and Trade (as the Executive and the Senior Beneficiary), and the UNDP (as the Senior Provider). The Executive is the key decision maker with advice and commitment from UNDP.



The PB will convene within 10 days upon signature of the present project document. At its first meeting the PB will decide on the members of the project steering committee (i.e. project assurance), and the functions and working principles of the Project Steering Committee (PSC). Ideally the PSC should be composed of high-level representatives of the partners of the cluster support programme.

The Intellectual Property Rights of all the outputs of the project will vest in the Ministry of Industry and Trade upon completion of the project. The name and emblem of the UNDP can be used only in direct connection with the Project, and subject to prior written consent of the UNDP Resident Representative in Turkey.

The Project will be subject to NIM audit, and related costs will be charged against the project budget.

III MONITORING AND EVALUATION FRAMEWORK

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management tables below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually (i.e. at the end of the first year)

- Annual Review Report. An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- Annual Project Review. Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Quality Management for Project Activity Results

OUTPUT 1: Cluster Support Programme (CSP) for the Ministry of Industry and Trade			
Activity Result 1 (Atlas Activity ID)	Cluster support programme	Start Date:	02.2010
		End Date:	08.2010
Purpose	The purpose of the first activity is to design a cluster support programme (CSP) and an advanced draft of the secondary (or tertiary) legislation. The CSP will be composed of (1) a roadmap for implementation of the CSP (i.e. management and governance systems, HR structure, financial aspects etc.); (2) a description of the cluster selection process. The supporting documents of the CSP are (a) application and evaluation forms, manuals and guidelines and (b) monitoring and evaluation manuals, latter of which will be developed within Activity 3. The secondary legislation will be the legal basis, on which the CSP will be implemented.		
Description	<p>The Government of Turkey has designated the Ministry of Industry and Trade as the ministry responsible from development and implementation of the clustering programme (source: Annual Programme 2009).</p> <p>Clustering is a cross-sectoral development approach; as such designing a "cluster support programme" requires interaction between various governmental and non-governmental agencies. "Development of a National Cluster Policy" project (EU-funded) has achieved some progress on this issue by identifying the relevant partners, bringing them together and proposing a "white paper" on clustering in Turkey. Building on the experience gained through various projects that have been implemented in Turkey, this action will facilitate further discussions between the concerned parties (i.e. Ministry of Industry and Trade (MoIT), Undersecretariat of the State Planning Organization (SPO), Undersecretariat for Foreign Trade (UFT), KOSGEB, TUBITAK and TOBB) with a view to develop a cluster support programme (CSP) for the MoIT. MoIT's CSP will focus on competitiveness and may involve innovation. This activity is composed of 4 actions, as described below:</p> <p>a. Stakeholder meetings: Three meetings are planned to be made. The first meeting will focus on the expectations of the said organizations. The second meeting will be held upon development of the first drafts of the application and evaluation documents and guidelines. The second meeting is expected to last 2 days, and is planned to be made at a location where the participants can isolate themselves from their daily work and concentrate on the CSP. Finally, in the third meeting the final versions of the application and evaluation documents and guidelines will be shared with the participants.</p> <p>b. Development of the application documents and guidelines: This action will involve (a) review of the similar documents and guidelines developed within the scope of cluster support programmes in other countries; (b) an assessment of the "needs" and "capabilities" of potential applicants; and (c) development of the application documents and guidelines. The assessment of the needs of the potential applicants will allow development of the list of eligible actions that can be co-financed by the cluster support programme, and co-financing amounts, levels and rules. Analysis of the capabilities of the potential applicants will be an input for the development of the application form.</p> <p>c. Design of the evaluation process: The evaluation process will be designed in accordance with the feedback to be taken from the concerned parties during the stakeholder meetings, and by taking the international practices into account. Upon agreeing on the "basic design construct", evaluation guidelines and manuals will be developed. (Contingent upon the availability of resources, the feasibility and viability of a computerized application and evaluation process will also be assessed). Design considerations will include, <i>inter alia</i>, competitiveness, innovative capacity, empowerment of women entrepreneurs and labor force, protection of environment, sustainable development etc.</p> <p>d. Development of the advanced draft of the secondary legislation: The MoIT has already developed a draft regulation. Based on the findings and outcomes of the three actions, described above, an advanced version of the secondary legislation piece(s) will be developed. The secondary legislation will also cast light on the "governance mechanism". The draft secondary legislation is anticipated to be endorsed by the MoIT. It will be MoIT's responsibility to communicate the secondary legislation piece(s) with the governmental agencies, as per the prevailing national legislation making norms.</p>		
Quality Criteria	Quality Method	Timeframe	Date of Assessment
Cluster Support Programme	Cluster Support Programme	02.2010 - 08.2010	August 2010
Evaluation guidelines and manuals	Evaluation guidelines and manuals	02.2010 - 10.2010	October 2010
Advanced draft of the secondary legislation	Advanced draft of the secondary legislation	02.2010 - 10.2010	October 2010

Quality Management for Project Activity Results (*continued*)

OUTPUT 1: Cluster Support Programme (CSP) for the Ministry of Industry and Trade			
Activity Result 2 (Atlas Activity ID)	Required skills at the MoIT improved	Start Date:	06.2010
		End Date:	12.2010
Purpose	The purpose of this activity is to establish the required skills and capabilities at the MoIT. This will be achieved by developing and delivering training programmes for the MoIT staff members. (Dependent on the resources available to the Project and the recommendations of the steering committee staff members of other institutions (such as KOSGEB etc.) may also be invited to select training programmes.)		
Description	<p>As the implementing agency of the CSP, the staff members of the MoIT should have an in-depth understanding of clusters, clustering as well as the CSP. Since the CSP will include actions towards raising awareness of the potential applicants, a select group of MoIT staff members should possess the skills to communicate the CSP and its objectives.</p> <p>This activity is composed of 4 actions, as described below:</p> <p>a. Training programmes at the MoIT: There will be two types of training programmes. The first training programme will be delivered to a group of 40 to 60 staff members (for women and men, ideally equal participation of women and men) of the MoIT. This training programme will aim at raising awareness on clusters and clustering. The objective of this programme is to ensure that staff members of different departments of the MoIT possess an overall understanding of the clusters and clustering so that they could establish linkages between their main functions and duties and the Ministry's clustering approach. The second training programme will target a smaller group of staff members (indicatively 10), and it will focus mainly on the CSP and its implementation. The trainees of the second training programme are anticipated to be the interfaces of between the CSP and the potential applicants.</p> <p>b. Development of a resource booklet: Clusters and clustering have become increasingly popular concepts in Turkey. However there are still very few resource materials (in Turkish), from which cluster practitioners can learn. In that sense, a booklet that can serve as a resource material will be very beneficial for Turkish business community both for learning purposes and for establishing a common understanding of the cluster terminology.</p> <p>c. Organization of international study tour(s): One or two international study tours will be conducted. The participants will mainly be the partners of the cluster support programme. Ideally the international study tour(s) will be organized to a country (or countries), in which there is an active cluster support programme that is being implemented and monitored through a central/regional unit. (Possible destinations include Austria, Italy, Japan etc.). The international study tours shall be participated by staff members who is directly involved in the Project.</p> <p>d. Orientation programme for the potential evaluators of the applications: Within this action an orientation (induction) programme for the potential evaluators will be developed upon fulfillment of a needs assessment on a group of experts that fit into the evaluators' profile. The orientation programme will be tested a small group before the final version of the programme is submitted to the Ministry. The orientation programme for the potential evaluators will, <i>inter alia</i>, include the following elements: competitiveness, innovative capacity, empowerment of women entrepreneurs and labor force, protection of environment, sustainable development etc.</p>		
Quality Criteria	Quality Method	Timeframe	Date of Assessment
Training Programme 1 (Awareness Raising) for 40 – 60 participants	Training programme and participant list	06.2010 - 12.2010	December 2010
Training Programme 2 (Focused on CSP) for 10 participants	Training programme and participant list	06.2010 - 12.2010	December 2010
Resource booklet	Resource booklet	06.2010 - 12.2010	December 2010
International Study Tour(s) for 10 participants	Mission Report(s)	1 st tour: 04.2010 2 nd tour (if any): 08.2010	April 2010 August 2010
Orientation Programme for Evaluators	Orientation Programme	10.2010 –12.2010	December 2010

Quality Management for Project Activity Results (*continued*)

OUTPUT 1: Cluster Support Programme (CSP) for the Ministry of Industry and Trade			
Activity Result 3 (Atlas Activity ID)	Monitoring and evaluation capabilities established	Start Date:	08.2010
		End Date:	12.2010
Purpose	The purpose of this activity is to establish monitoring and evaluation (M&E) capabilities in order to assess the efficiency and effectiveness of the cluster support programme, as well as its socio-economic impact in the long-term. Assessing socio-economic impact of the cluster support programme includes the impact, <i>inter alia</i> , on competitiveness, innovative capacity, empowerment of women entrepreneurs and labor force, protection of environment, sustainable development etc. The manual will also pay with special attention to gender sensitive indicators and gender disaggregated data.		
Description	This activity is composed of 1 action, as described below: a. Development of an M&E manual: This action will involve development of a monitoring and evaluation manual, and provision of training to the staff members of the Ministry of Industry and Trade on utilization of the manual through simulations. The manual will include a full-fledged review of how a cluster programme is mobilized, how the supported clusters are monitored, how progress is reported to the programme management unit, how the risks are assessed and addressed, how projects are closed etc.		
Quality Criteria	Quality Method	Timeframe	Date of Assessment
Monitoring and evaluation manual	Manual and Training Participant List	08.2010-12.2010	December 2010

Note: Most of the project activities are planned to be finalized by December 2010 (including the tolerance levels embedded in the time plan). The project manager and assistant will prepare the "End Project Report", "Lessons Learned Report" and "the recommendations for follow-on actions report" and a "Post-Project Review Plan (if any)" also in December 2010. These reports will be submitted to the project board at its last meeting, anticipated to be held in December 2010 or January 2011.

IV LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article I of the SBAA between the Government of Turkey and UNDP, signed on 21 October 1965.

Consistent with the attached Supplemental Provisions, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

Annexes

Annex 1: Risk Log

Annex 2: Payment Schedule

Annex 3: Supplemental Provisions to the Project Document

Annex 1: Risk Log

Project Title: Improving institutional capacity of the Ministry of Industry and Trade to design and implement a cluster support programme in the areas of competitiveness and innovation		Award ID:		Date: May 30, 2009					
#	Description	Date Identified	Type	Impact (I) & Probability (P)	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Trained staff members do not remain in their posts during the entire duration of the Project.	May 2009	Organizational	Potential effect: The long-term impact of the project will decrease. Probability = 2 Impact = 3 (on Scale of 5, 5 being the highest)	The project partners will be asked by the project manager to assign staff members that can maintain continuity at their organizations (mainly MoIT)	Programme Manager a.i.	Programme Manager a.i.	(In Alias, automatically recorded)	No change
2	Potential applicants do not have the capacity to apply to the CSP and/or are not willing to commit resources to receive professional support for development of applications	May 2009	Economic	Potential effect: The quality of the applications will be low, decreasing the potential socio-economic impact of the CSP. Probability = 2 Impact = 4 (on Scale of 5, 5 being the highest)	It is assumed that "the market forces" will be a sufficient incentive for the potential applicants to receive professional support if needed. The steering committee will take ensure that considerations, related to this issue be addressed in the "recommendations for follow-on actions report"	Programme Manager a.i.	Programme Manager a.i.	(In Alias, automatically recorded)	No change

Annex 2: Schedule of Payments

Project Title: Improving institutional capacity of the Ministry of Industry and Trade to design and implement a cluster support programme in the areas of competitiveness and innovation

Source of Funds: Ministry of Industry and Trade

Implementing Agency: Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates)

Responsible Parties: Ministry of Industry and Trade (GD for Crafts, Industrial Zones and Estates) and UNDP

Donor	Year	Date (Estimated) ^[1]	Budgeted Amount	Amount to be Deposited ^{[2], [3]}	Balance ^{[3], [4]}
MoIT	2010	14.05.2010	USD361.298	USD50.000	USD311.298
		01.07.2010		USD100.000	USD211.298
		01.09.2010		USD150.000	USD61.298
		01.10.2010		USD61.298	0.00
Grand Total			USD361.298	USD361.298	0.00

Note 1: Project activities are aligned with the Payment Schedule.

Note 2: Payment in US\$ is to be made to the UNDP Account (indicating project number and title):

Bank Name: Bank of America
 Address: 1401 Elm St., Dallas TX 75202
 Account Number: 3752207404
 Account Title: UNDP Representative in Turkey (USD) Account
 ACH Routing Number: 111000012 [to be used only by US-based banks using ACH payment type]
 Wire Routing Number: 026009593
 SWIFT Code: BOFAUS3N

Note 3: The value of a contribution-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 and reflected into the Project Budget accordingly.

Payment in TRL is to be deposited to the UNDP Account:
 Garanti Bankası
 Ankara Ticari Branch,
 Branch Code: 170,
 Account No: 1201038,
 IBAN: TR53 (0006 2000 1700 0001 2010 38, SWIFT Code: TGBATRIS indicating project number and title).

Note 4: The management arrangement is NIM (National Implementation Modality). The utilization of project resources (e.g. budget) and authorization of payments to be made to the service providers, vendors etc. are subject to the NIM principles. The NIM Principles will be exchanged between UNDP and the MoIT through an official correspondence within the scope of the Project.

Standard annex to project documents for use in countries which are not parties to the Standard Basic Assistance Agreement (SBAA)

Standard Text: Supplemental Provisions to the Project Document:
The Legal Context

General responsibilities of the Government, UNDP and the executing agency

1. All phases and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this Project Document being provided for the benefit of the Government and the people of (the particular country or territory), the Government shall bear all risks of operations in respect of this project.
4. The Government shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities. It shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the "Co-operating Agency"), which shall be directly responsible for the implementation of the Government contribution to the project.
5. The UNDP undertakes to complement and supplement the Government participation and will provide through the Executing Agency the required expert services, training, equipment and other services within the funds available to the project.
6. Upon commencement of the project the Executing Agency shall assume primary responsibility for project execution and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Government or to an entity designated by the Government during the execution of the project.

7. Part of the Government's participation may take the form of a cash contribution to UNDP. In such cases, the Executing Agency will provide the related services and facilities and will account annually to the UNDP and to the Government for the expenditure incurred.

(a) Participation of the Government

1. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document. Budgetary provision, either in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.
2. The Co-operating Agency shall, as appropriate and in consultation with the Executing Agency, assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.
3. The estimated cost of items included in the Government contribution, as detailed in the Project Budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.
4. Within the given number of man-months of personnel services described in the Project Document, minor adjustments of individual assignments of project personnel provided by the Government may be made by the Government in consultation with the Executing Agency, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.
5. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
6. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance, and replacement, if necessary, after delivery to the project site.
7. The Government shall make available to the project - subject to existing security provisions - any published and unpublished reports, maps, records and other data which are considered necessary to the implementation of the project.

8. Patent rights, copyright rights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries or work within the country free of royalty and any charge of similar nature.

9. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.

10. The services and facilities specified in the Project Document which are to be provided to the project by the Government by means of a contribution in cash shall be set forth in the Project Budget. Payment of this amount shall be made to the UNDP in accordance with the Schedule of Payments by the Government.

11. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to commencement or continuation of project operations.

(b) Participation of the UNDP and the executing agency

1. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.

2. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Manager a/ who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.

3. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.

4. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.

a/ May also be designated Project Co-ordinator or Chief Technical Adviser, as appropriate.

5. The Executing Agency may, in agreement with the Government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.
6. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.
7. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.
8. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion, retain title to part or all of such equipment.
9. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.
10. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

Rights, Facilities, Privileges and Immunities

1. In accordance with the Agreement concluded by the United Nations (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.
2. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.

3. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:

(a) Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;

(b) Be immune from national service obligations;

(c) Be immune together with their spouses and relatives dependent on them from immigration restrictions;

(d) Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;

(e) Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.

4. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.

5. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:

(a) The salaries or wages earned by such personnel in the execution of the project;

(b) Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;

(c) Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b), above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and

(d) As in the case of concessions currently granted to UNDP and Executing Agency's personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.

6. The Government shall ensure:

(a) prompt clearance of experts and other persons performing services in respect of this project; and

(b) the prompt release from customs of:

(i) equipment, materials and supplies required in connection with this project; and

(ii) property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.

7. The privileges and immunities referred to in the paragraphs above, to which such firm or organization and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.

8. The Executing Agency shall provide the Government through the resident representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

9. Nothing in this Project Document or Annex shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.

Suspension or termination of assistance

1. The UNDP may by written notice to the Government and to the Executing Agency concerned suspend its assistance to any project if in the judgement of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that it is prepared to resume its assistance.

Annex 3

2. If any situation referred to in paragraph 1, above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.

3. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.