

**THIRD-PARTY COST-SHARING AGREEMENT
BETWEEN THE AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT
(THE DONOR) AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

[AusAID AGREEMENT No.48383]

WHEREAS the Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis as core funding for the United Nation Development Programme, Pacific Centre, Fiji. The programmes are described in the project document formally annexed to this Agreement.

WHEREAS this bilateral Agreement between the Donor and UNDP stipulates the terms and conditions of the contribution, and is not an international treaty,

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

WHEREAS the Government of Australia has been duly informed of the contribution of the Donor to the programmes,

WHEREAS UNDP shall designate UNDP, Pacific Centre for the implementation of the programmes,

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

Article I. Scope and Objective

1. This Agreement sets forth the terms and procedures for the Donor's contribution to the programme as described in the project document.
2. The Goal of the programme is to help UNDP to be more closely involved in the development needs of PICs and territories and respond, in collaboration with development partners, to critical challenges in the areas of governance, energy and environment, and crisis prevention and recovery.
3. The Objectives of the programme are to provide financial support in the implementation of UNDP Pacific Centre, Governance, Millennium Development Goals (MDGs) and Poverty Reduction and Peace and Conflict Projects.

Article II. The Contribution

1. (a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of A\$6,000,000. The contribution shall be deposited in the following:

UNDP Contributions Account (AU\$)
Account #816601
Reserve Bank of Australia
65 Martin Place
Sydney NSW 2000
SWIFT: RSBKAU2S

<u>Schedule of payments</u>	<u>Amount</u>
November 26, 2008	A\$2,000,000
July 1, 2009	A\$2,000,000
July 1, 2010	A\$2,000,000

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

2. The value of the 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. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the 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 the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be available, the assistance to be provided to the programme may be reduced, suspended or terminated by UNDP after written notification to the Donor by UNDP.
3. 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 in accordance with Article XII to be consistent with the progress of programme delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.

Article III. Utilization of the Contribution

1. The implementation of the responsibilities of UNDP and of the Implementing Partner 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 II, 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 II, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2 above is not forthcoming from the Donor or other sources, the assistance to be provided to the programme under this Agreement may be reduced, suspended or terminated by UNDP after written notification to the Donor 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 IV. Administration and reporting

1. Programme management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Implementing Partner, provided that they do not contravene the regulations, rules and directives of UNDP. In case of contradiction, regulations, rules and directives of UNDP shall prevail.

2. Programme management shall be in accordance with UNDP policies and practices in relation to anti-corruption and prevention, detection and investigation of fraud and recovery of funds the subject to fraud.

3. 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.

3.1. For Agreements of more than one year:

- (a) From UNDP Pacific Centre (or relevant unit at headquarters in the case of regional and global projects) an annual status report of programme 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 UNDP Pacific Centre (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing programme activities (including progress in achieving activities' goal and objectives) 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 programme, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the programme.

4. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of the Donor. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

Article V. 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 the 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 programme, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the programme under this Agreement as well as funds which may be available to the programme/project for programme costs and for support costs under other sources of financing.

Article VI. Evaluation

All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the programme country Government in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating a project including an evaluation of its contribution to an outcome which is listed in the Evaluation Plan. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

Article VII. 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 VIII. 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 IX. Completion of the Agreement

1. UNDP shall notify the Donor when all activities relating to the programme/project have been completed.

2. Notwithstanding the completion of the programme, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred, prior to the date of receipt of the notice, in the implementation of the programme have been satisfied and programme 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 refunded to the Donor or may be used by UNDP as agreed in writing with the Donor.

Article X. Termination of the Agreement

1. After consultations have taken place between the Donor, UNDP and the programme country Government, and provided that the payments already received are, together with other funds available to the programme, sufficient to meet all commitments and liabilities incurred in the implementation of the programme, this Agreement may be terminated by UNDP or by the Donor. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.

2. Notwithstanding termination of all or part of this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred, prior to the date of receipt of the notice, 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.

3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be refunded to the Donor or may be used by UNDP as agreed in writing with the Donor.

Article XI. Counter-Terrorism

Consistent with UN Security Council Resolutions relating to terrorism, including UNSC Resolution 1373 (2001) and 1267 (1999) and related resolutions, both the Donor and UNDP are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of the Donor to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, UNDP undertakes to use all reasonable efforts to ensure that none of the Donor funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism. If, during the course of this Agreement, UNDP discovers a link with any organization or individual associated with terrorism it shall inform the Donor immediately.

Article XII. Amendment of the Agreement

The Agreement may be amended through an exchange of letters between the Donor and UNDP. The letters exchanged to this effect shall become an integral part of the Agreement.

Article XIII. Resolution of Disputes

Any dispute between UNDP and the Donor over its interpretation or application (or both) shall be resolved amicably between the Parties.

Article XIV. Entry Into Force

1. This Agreement shall enter into force upon signature and deposit by the Donor of the first contribution-payment to be made in accordance with the schedule of payments set out in Article II, paragraph 1 of this Agreement and the signature of the project document by the concerned parties.

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

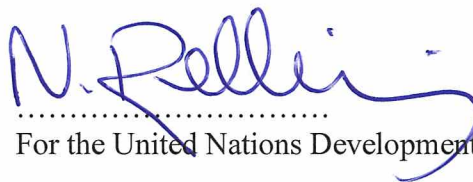


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For the Donor:

Scott Dawson

Deputy Director General Pacific and PNG Division
FMA Section 44 Delegate

(Date) 17.03.09



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For the United Nations Development Programme:

Nicholas Rosellini

Deputy Assistant Administrator &
Deputy Regional Director for Asia and the Pacific

(Date) 20-Feb-2009