

**THIRD-PARTY COST-SHARING AGREEMENT
BETWEEN
THE MINISTRY FOR THE
ENVIRONMENT, LAND AND SEA OF THE REPUBLIC OF ITALY (THE DONOR)
AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

WHEREAS the UNDP and Italy signed a cooperation framework agreement in the form of a Memorandum of Understanding (MoU) on 18 September, 2017 stipulating the interest of the parties to work together and outlining the partnership and governance arrangements;

WHEREAS the Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis (hereinafter referred to as "the Contribution") for support to the UNDP and Italian bilateral cooperation partnership, as described in the UNDP project ("Agenda 2030 Implementation Support Trust Fund"), hereinafter referred to as "the project";

WHEREAS UNDP is prepared to receive and administer the Contribution for the implementation of the Project;

WHEREAS UNDP is a historically close development partner of Italy and seeks to expand further such strategic partnerships in light of both new leadership and a new Strategic Plan,

WHEREAS Italy hereby supports the reforms of UNDP in the context of the broader realignment of the UN Development System with the SDGs and the new 2030 Agenda;

WHEREAS Italy seeks the support of UNDP's capacities to further the ambitions of the Italian Ministry of Environment in the fulfilment of their international development goals by providing programmatic and operational support;

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 Euro 2,000,000. The Contribution shall be deposited in the following bank account¹,

Account Name: UNDP Contributions Account

Currency: Euro

Account Number: 600862722022

¹ Please note that the currency of the bank account should be the same as the currency of the contribution

Bank Name: Bank of America – London
Bank Address: 5 Canada Square
London E14 5AQ, UNITED KINGDOM
IBAN: GB59BOFA16505062722022
SWIFT Address: BOFAGB22

<u>Schedule of payments²</u>	<u>Amount</u>
	Euro 2,000,000

This instalment will be made against a written request by UNDP to the Donor, upon the entry into force of this agreement.

(b) The Donor will inform UNDP when the Contribution is paid via an e-mail message with remittance information to contributions@undp.org, providing the following information: donor's name, UNDP country office, Project no. and title, donor reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.

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 Project may be reduced, suspended or terminated 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 to be consistent with the progress of Project delivery.

4. UNDP shall receive and administer the payment in accordance with the rules, regulations, policies and procedures of UNDP.

5. All financial accounts and statements shall be expressed in United States dollars.

Article II. Utilization of the Contribution

² It is recommended that country offices negotiate the number of instalments to ensure at least six months' anticipated disbursements are funded with each instalment. This will make processing of contributions and reporting more efficient for the country offices.

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 I, paragraph 1, above. UNDP shall not start the implementation of the activities prior to receiving the Contribution or the first tranche of the Contribution (whichever is applicable).

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 make available to UNDP 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. The Parties acknowledge and recognize that any costs regarding the subject under this CSA will be borne by the Donor with its available budgeted resources and without any additional expenditures for the Government of Italy. The Parties acknowledge and recognize that the Donor shall have no obligation to provide additional financial resources than those stated in the present Agreement. At the same time, the Parties acknowledge and agree that UNDP shall have no obligation to pre-finance any activity under the Project.

4. Any interest income attributable to the Contribution shall be credited to UNDP Account, retained by UNDP 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 rules, regulations, policies and procedures of UNDP and, where applicable, the rules, regulations, policies and procedures of the Implementing Partner.

2. UNDP shall provide to the Donor one annual report, composed of the following elements in accordance with UNDP accounting and reporting procedures:

- (a) An annual status report of Project progress for the duration of this Agreement, as well as the latest available approved budget.
- (b) An annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
- (c) Within six months after the date of completion or termination of this Agreement, a final report summarizing Project activities and impact of activities as well as provisional financial data.
- (d) A certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.

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

Article IV. Administrative and support services

1. In accordance with the decisions, policies and procedures 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 8%. Furthermore, as long as they are unequivocally linked to the Project, all direct costs of implementation, including the costs of 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 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 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 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, policies and procedures of UNDP. Should the annual Audit Report of the UN Board of Auditors to its governing body contain observations relevant to the Contribution, such information shall be made available to the Donor by the country office.

Article VIII. Completion of the Agreement

1. UNDP shall notify the Donor when all activities relating to the Project have been completed in accordance with the Prodoc.

2. Notwithstanding the completion of the Project, UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the [Programme/Project] have been satisfied and Project activities brought to an orderly conclusion.

3. If the unutilized funds 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. In cases where the Project is completed in accordance with the project document any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the Donor.

Article IX. Termination of the Agreement

1. This Agreement may be terminated by UNDP or by the Donor after consultations between the Donor, UNDP and the programme country Government, and provided that the funds from the Contribution 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 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 this Agreement.

2. Notwithstanding termination of all or part of this Agreement, UNDP shall continue to hold unutilized funds until all commitments and liabilities incurred in the implementation of all or the part of the Project have been satisfied and Project activities brought to an orderly conclusion.

3. In cases where this agreement is terminated before Project completion any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the Donor.

Article X. Prevention of Corruption and Fraud

1. Both the Donor and UNDP are firmly committed to preventing and detecting fraudulent and corrupt practices. Consistent with the UN Charter, the Standards of Conduct for the International Civil Service, the United Nations Staff Rules and Regulations, and UNDP Financial Rules and Regulations and Procurement Manual, UNDP will use reasonable efforts to ensure that the utilization of the Contribution conforms to the highest standard of ethical conduct and that every part of the organization, as well as all individuals acting on behalf of UNDP, observe the highest standard of ethics and integrity.

2. UNDP, in accordance with its regulations, rules and directives, will ensure that any allegations of fraud and corruption in connection with the implementation of the Project are reported to the Office of Audit and Investigations (OAI) in a timely manner. Credible allegations will be investigated by OAI in accordance with its regulations, rules, policies and procedures. UNDP will, in a timely manner and consistent with its regulations, rules, policies and procedures, provide details to the Donor of the outcome of substantiated allegations of fraud and corruption, along with details of action taken by UNDP.

3. Following the conclusion of any investigation which identifies fraud or corruption involving any activities funded in whole or in part with a Contribution made under this Agreement, UNDP will:

- a. Use reasonable efforts to recover any part of the Contribution, which OAI has established as being diverted through fraud or corruption;
- b. In connection with (a) above, in consultation with the UN Office of Legal Affairs, give proper consideration to referring the matter to the appropriate authorities of the Member States where the fraud or corruption is believed to have occurred and to the provisions of General Assembly resolution 62/63; and
- c. As required by the Donor, and following consultations between the Parties, reimburse to the Donor any part of the Contribution which UNDP has recovered further to sub-section (a) above, or credit it to a mutually agreed activity.

4. Any information provided to the Donor in relation to any matters arising under the Article shall be treated by the Donor as strictly confidential.

Any action further to the above paragraphs shall be consistent with UNDP regulations, rules and directives.

Article XI: Settlement of Disputes

Any dispute, controversy or claim arising out of this Agreement shall be resolved amicably between the Parties.

Article XII: Notice

Any notice or correspondence between UNDP and the Donor will be addressed as follows:

(a) To the Donor:
Italian Ministry of Environment Land and Sea
Directorate General for International Cooperation
Address: Via Cristoforo Colombo, 44
00147 Roma
Italy
svi-udg@minambiente.it

(b) Upon receipt of funds, UNDP shall send an electronic receipt to the Donor email address provided below as confirmation that the remitted funds have been received by UNDP.

Donor email address: SVI-UDG@minambiente.it

Attention: Francesco La Camera

(c) To UNDP:

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Address: United Nations Development Programme

One UN Plaza
New York, NY 10017
USA

Article XI. Amendment of the Agreement

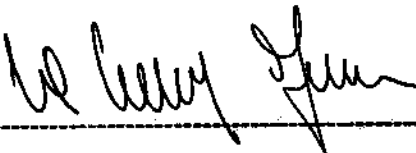
This Agreement may be amended through an exchange of letters between the Donor and UNDP. The letters exchanged to this effect shall become an integral part of this Agreement.

Article XII. Entry Into Force

This Agreement shall enter into force upon the signature of this Agreement by the parties hereto, on the date of the last signature.

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

For the Donor:




Name: Francesco La Camera

Title: Director-General, Directorate for Sustainable Development, Environmental Damage, EU and International Affairs

Ministry for the Environment, Land and Sea of the Republic of Italy

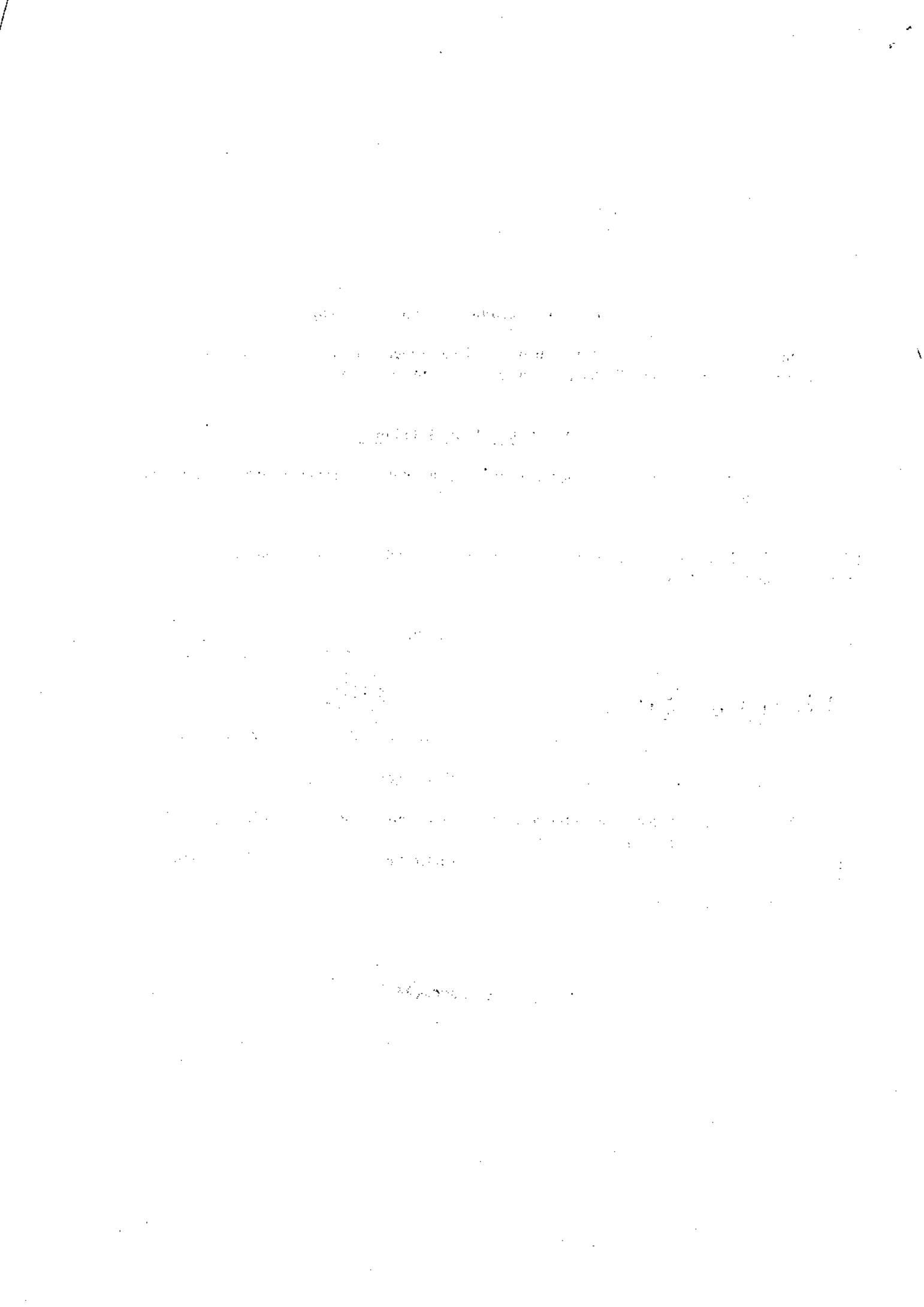
For UNDP:



Name: Nick Hartmann

Title: Director, Partnerships Group, BERA
United Nations Development Programme

Signed: 1. December, 2017



Trust Fund Project Outline

Project Title:	Agenda 2030 Implementation Support Trust Fund
Date:	30 November, 2017
Donor:	Italy
Amount:	Euro 2m (Base)
Objective:	Support the development and implementation by UNDP of sustainable development projects in countries of cooperation interest between UNDP and Government of Italy/IMELS.

Background

- In the context of the Italy-UNDP MoU signed on 18 September 2017, Italy and UNDP will provide funding to project concepts and proposals provided by program countries.
- In the interest of developing quality proposals and ensuring timely and accountable implementation and the lowering of transactions costs to the Italian Government, UNDP establishes this Trust Fund as a centralized mechanism for fund distribution, management and reporting.
- A Joint Committee composed of the Italian government and representatives from the recipient countries/regions will solicit these proposals and decide on the projects to be funded.

Trust Fund Arrangements

- This closed bilateral Trust Fund, in the form of a UNDP project, will act as an interface between the Italian Joint Committee (funding decision-maker) and UNDP country offices (implementers).
- Once the Joint Committee has decided on the proposals to be funded, the Government of Italy will transfer to the Trust Fund the funding, earmarked for the specific country office and project/proposal.
- The initial Euro 2m is to be considered a base funding for the establishment of the project which will cover.
- The Trust Fund project will be governed by UNDP's financial rules and regulations.

Management Arrangements

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- The Trust Fund will be managed under the authority of the Executive Office, but delegated further to a Project Manager for the day-to-day management of the project, possibly housed in a UNDP presence in Rome.
- The Project Manager will be accountable to the Steering Committee as outlined in Paragraph 3 of the UNDP-Italy MoU (Framework Cooperation Agreement) signed on 18 September.
- A cost-sharing agreement will be signed between UNDP and Italy for an amount of Euro 2m for this initiative with an overall GMS rate of 8%.
- Country offices receiving funding from this Trust Fund project for new projects locally may charge direct costs (with the sharing of the GMS) to be negotiated between the two UNDP business units.
- The final project document and management arrangements along with any ToRs will be developed further and finalized by the Africa Center project manager in consultation with the Steering Committee.

Operational Notes

- The Euros 2m is a base contribution for the establishment of the project which will not be disbursed for the endorsed projects.

