THIRD-PARTY COST-SHARING AGREEMENT
BETWEEN SWEDEN, REPRESENTED BY THE SWEDISH INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY - SIDA (THE DONOR) AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

WHEREAS the Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis for the
implementation of Governance Reform Fund III in Georgia,¹ as more fully described in the Prodoc, as attached
in annex 1 and submitted to the Donor for information.
The Donor project number is 55030274;

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the
programme/project;

WHEREAS the Government of Georgia has been duly informed of the contribution of the Donor to the
programme/project;

WHEREAS UNDP shall designate an Implementing Partner for the implementation of the
programme/project.

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 payments² set out below, contribute to
UNDP the amount of (amount in SEK).

<table>
<thead>
<tr>
<th>Schedule of payments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fourth quarter 2015</td>
<td>3 500 000 SEK</td>
</tr>
<tr>
<td>First quarter 2017</td>
<td>3 500 000 SEK</td>
</tr>
<tr>
<td>First quarter 2018</td>
<td>3 500 000 SEK</td>
</tr>
<tr>
<td>First quarter 2019</td>
<td>3 500 000 SEK</td>
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<tr>
<td>First quarter 2020</td>
<td>3 500 000 SEK</td>
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</tbody>
</table>

(b) The contribution shall be deposited in SEK in the

NORDEA BANK SWEDEN A.B.

Foreign Customer Services

¹ The programme/project is described in the project document Governance Reform Fund III. 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.

² It is recommended that country offices negotiate the number of installments to ensure at least six months' anticipated
disbursements are funded with each installment. This will make processing of contributions and reporting more efficient for the
country offices.
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/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 programme/project delivery. Such amendments shall be made as written amendments to this agreement.

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

5. 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 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.

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 programme/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, retained by UNDP and shall be utilized in accordance with established UNDP procedures.

Article III. Administration and reporting

1. Programme/project management and expenditures shall be governed by the regulations, rules, policies and procedures of UNDP and, where applicable, the regulations, rules and directives of the Implementing Partner.

2. UNDP shall provide to the Donor the following reports prepared in accordance with UNDP accounting and reporting procedures.

2.1. For Agreements of more than one year:

(a) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the end of each year of the activity period, an annual status report of programme/project progress for the duration of the Agreement, as well as the latest available approved budget. This report shall be analytical in approach and include a presentation of progress made in the implementation of programmes/projects towards the achievement of results;

(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 operational completion or termination of the Agreement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data;

(d) From UNDP Bureau of Management/Office of Finance and Administration, on operational completion of the programme/project, a certified final 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 specific nature and frequency of this reporting shall be specified in an annex of the Agreement.
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 8%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of implementing partner, are 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 programme/project under this Agreement as well as funds which may be available to the programme/project for programme/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 Government of Georgia in consultation with other stakeholders, including donors 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. The evaluation reports shall be made available to the donor.

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 annual 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. Wherever the following terms are mentioned in this agreement, the definition for operational completion date is when the activity period of the project ends, as stipulated in the project agreement. The financial closing date, also called the expiry date, is 12 months after the operational completion date.
2. UNDP shall notify the Donor when all activities relating to the Swedish contribution have been completed. A certified final financial report on income and expenditures, including a statement of unused balances, prepared by the UNDP Comptroller will be sent to Sida no later than 18 months after the financial year in which operational completion of project/programme takes place and the remaining balances of Sida has been reconciled and fully verified.

3. Notwithstanding the operational completion of the programme/project, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of the programme/project have been satisfied and programme/project activities brought to an orderly conclusion until the expiry date of the programme/project. UNDP shall not make any further disbursement after the financial closing date.

4. 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.

5. 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 refunded to the donor or reallocated by UNDP, but only after consultation with the Donor.

**Article IX. 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/project, sufficient to meet all commitments and liabilities incurred in the implementation of the programme/project, 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 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 until the termination date of the programme/project. UNDP shall not make any further disbursement after the financial closing date.

3. 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 refunded to the donor or reallocated by UNDP, but only after consultation with the Donor.

**Article X. Anti-corruption**

The Parties agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNDP shall maintain standards of conduct that govern the performance of its staff, including the
prohibition of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

**Article XI. Notices**

The officers responsible for coordination of all matters related to this Agreement are:

For SIDA:  
Name: Kakha Khimshiashvili  
Title: Programme Officer  
Contact information: kakha.khimshiashvili@gov.se

For UNDP:  
Name: Gigi Bregadze  
Title: Programme Analyst  
Contact information: gigi.bregadze@undp.org

**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. 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.

Based on the date of the first contribution and the activity period of the project, the operational completion date of the projects is therefore set to December 31, 2020.

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

For Sweden, represented by Sida:  
Martina Quick  
Ambassador

Signature  
(Date) 2 December 2015

For the United Nations Development Programme:  
Nicks Scott  
Resident Representative

Signature  
(Date) 03/12/2015

Annex: Project document including budget