



Република Македонија
МИНИСТЕРСТВО ЗА НАДВОРЕШНИ РАБОТИ
 Republic of Macedonia
MINISTRY OF FOREIGN AFFAIRS

Minister / Министар

*Int to Letter
 21/10
 Please see JBA MACTD*

Official translation

30 October 1995

Your Excellency,

It is my honor to address you in connection with your letter of 18 October 1995 regarding the negotiations between the Government of the Republic of Macedonia and the United Nations Development Program (hereinafter referred to as the UNDP) in which you inform me that paragraphs 1 to 13 set forth basic conditions under which the assistance of the UNDP and its related executive agencies will be administered and granted to the Government of the Republic of Macedonia in support of and for the implementation of its development program and projects, as well as of additional programs and projects.

By that you confirm that basic conditions will be also applicable to all other kinds of UNDP assistance, both with regard to program documents and instruments that may be agreed upon and defined by the parties and executive agencies, within the scope of their competence, which would elaborate in detail elements and other issued linked with these programs and projects.

The provisions of basic conditions in the Macedonian language read as follows:

Mr. James Gustave Speth
 UNDP Administrator
New York

RECEIVED	
RDEC REGISTRY	
JAN 30 1996	
FILE REF:	_____
<input checked="" type="checkbox"/> ACTION	<input type="checkbox"/> INFORMATION
TO	<u>OA</u>

<input checked="" type="checkbox"/> ACTION COMPLETED	
<input checked="" type="checkbox"/> ACKNOWLEDGE	
<input type="checkbox"/> NO ACTION REQUIRED	
INITIALS	<u>JA</u>

1. Provisions of assistance

Assistance shall be provided by the UNDP only in response to requests submitted by the Government and approved by the UNDP. Such assistance shall be made available to the Government, or to such entity as the Government may designate, and shall be furnished and received in accordance with relevant and applicable resolutions and decision of the competent UNDP organs, and subject to the availability of the necessary funds to the UNDP.

2. Forms of assistance

2.1 Assistance which may be made available by the UNDP to the Government may consist of:

a) The services of advisory experts and consultants, including consultant firms or organizations, selected by and responsible to the UNDP or the Executing Agency concerned;

b) The services of operational experts selected by the Executing Agency, to perform functions of an operational, executive or administrative character as civil servants of the Government or as employees of such entities as the Government may designate under Paragraph 1 hereof;

c) The services of members of the United Nations Volunteers (hereinafter called volunteers);

d) Equipment and supplies not readily available in the country;

e) Seminars, training programmes, demonstration projects, expert working groups and related activities;

f) Scholarship and fellowships, or similar arrangements under which candidates nominated by the Government and approved by the Executing Agency concerned may study or receive training; and

g) Any other form of assistance which may be agreed upon by the Government and the UNDP.

2.2. Requests for assistance shall be presented by the Government to the UNDP through the UNDP resident representative in the country (referred to in subparagraph 2.4 (a) of this Paragraph), and in the form and in accordance with procedures established by the UNDP with all appropriate facilities and relevant information to appraise the request, including an expression of its intent with respect to the follow-up of Investment-oriented projects.

2.3. Assistance may be provided by the UNDP to the Government either directly, with such external assistance as it may deem appropriate, or through an Executing Agency, which shall have primary responsibility for carrying out UNDP assistance to the project and which shall have the status of an independent contractor for this purpose. Where assistance is provided by the agency shall be construed to refer to the UNDP, unless clearly inappropriate from the context.

2.4 (a) The UNDP may maintain a permanent Mission headed by a resident representative, in the country to represent the UNDP therein and be the principle channel of communication in the Government

2.4. (a) The UNDP may maintain a permanent Mission, headed by a resident representative, in the country to represent the UNDP therein and be the principal channel of communication with the Government Of all Programme matters. The Resident Representative shall have full responsibility and ultimate authority, on behalf of the UNDP Administrator, for the UNDP programme in all its aspects in the country, and shall be team leader in regard to such representatives of other United Nations organizations as may be posted in the country, taking into account their professional competence and their relations with appropriate organs of the Government. The Resident Representative shall maintain liaison on behalf of the Programme with the appropriate organs of the Government, including the Government's co-ordinating agency for external assistance, and shall inform the Government of the policies, criteria and procedures of the UNDP and other relevant programmes of the United Nations. He shall assist the Government, as may be required in the preparation of UNDP country programme and project requests, as well as proposals for country programme or project changes, assure proper co-ordination of all assistance rendered by the UNDP through various Executing Agencies or its own consultants, assist the Government, as may be required, in co-ordinating UNDP activities with national, bilateral and multilateral programmes within the country, and carry out such other function as may be entrusted to him by the Administrator or by an Executing Agency.

b) The UNDP mission in the country shall have such other staff as the UNDP may deem appropriate to its proper functioning. The UNDP shall inform the Government from time to time of the names of the members, and of the families of the members, of the mission, and of changes in the status of such persons.

3. Execution of Projects

3.1. The Government shall remain responsible for its UNDP - assisted development projects and the realization of their objectives as described in the relevant Project Documents, and shall carry out such parts of such projects as may be stipulated in the provisions of this Exchange of Letters and such Project Documents. The UNDP undertakes to complement and supplement the Government's participation in such projects through assistance to the Government in pursuant of this Exchange of Letters and the Work Plans forming part of such Project Documents, and through assistance to the Government in fulfilling its intent with respect to investment follow-up. The Government shall inform UNDP of the Government Cooperation Agency directly responsible for the Government's participation in each UNDP-assisted project. Without prejudice to the Government is overall responsibility for its projects, the Parties may agree that an Executing Agency shall assume primary responsibility for execution of a project in consultation and agreement with the Cooperating Agency, and any arrangements to this effect shall be stipulated in the project Work Plan forming part of the Project document together with arrangements, if any, for transfer of such responsibility, in the course of project execution to the Government of to an entity designated by the Government.

3.2. Compliance by the Government with any prior obligations agreed to be necessary or appropriate for UNDP assistance to a particular project shall be a condition of performance by the UNDP and the Executing Agency of their responsibilities with respect to that project. Should provision of such assistance be commenced before such prior obligations have been met, it may be terminated or suspended without notice and at the discretion of the UNDP.

3.3. Any agreement between the Government and an Executing Agency concerning the Execution of a UNDP-assisted project or between the Government and an operational expert shall be subject to the provisions of this Exchange of Letters.

3.4. The Cooperating Agency shall as appropriate and in consultation with Executing Agency assign a full - time director for each project who shall perform such functions as are assigned to him by the Cooperating Agency. The Executing Agency shall as appropriate and in consultation with the Government appoint a Chief Technical Adviser or Project Coordinator responsible to the Executing Agency to oversee the Executing Agency's participation in the project at the project level. He shall supervise and coordinate activities of experts and other Executing Agency personnel and be responsible for the on-the-job training of national Government counterparts. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.

3.5. In the performance of their duties, advisory experts, consultant and volunteers shall act in close consultation with the Government and with personas or bodies designated by the Government, and shall comply with such instructions from the Government as may be appropriate to the nature of their duties and the assistance to be given and as may be mutually agreed, upon between the UNDP and the Executing Agency concerned and the Government. Operational experts shall be solely responsible to, and be under the exclusive direction of, the Government or the entity to which they are assigned, but shall not be required to perform any functions incompatible with their international status or with the purposes of the UNDP or of the Executing Agency. The Government undertakes that the commencing date of each operational expert in its service shall coincide, with the effective date of his contract with the Executing Agency concerned.

3.6. Recipients of fellowships shall be selected by the Executing Agency. Such fellowships shall be administered in accordance with the fellowship policies and practices of the Executing Agency.

3.7. Technical and other equipment, materials, supplies and other property financed or provided by the UNDP shall belong to the UNDP unless and until such time as ownership thereof is transferred, on terms and conditions mutually agreed upon between the Government and the UNDP, to the Government or to an entity nominated by it.

3.8. Patent rights, copyright rights, and other similar rights to any discoveries or work resulting from UNDP assistance 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 or any change of similar nature.

4. Information concerning Projects

4.1. The Government shall furnish the UNDP with such relevant reports, maps, accounts, records, statements, documents and other information as to may request concerning any UNDP-assisted project, its execution or its continued feasibility and soundness, or concerning the compliance by the Government with its responsibilities under this Exchange of Letters or Project Documents.

4.2. The UNDP undertakes that the Government shall be kept currently informed of the progress of its assistance activities under this Exchange of Letters. Either party shall have the right, at any time, to observe the progress of operations of UNDP-assisted projects.

4.3. The Government shall, subsequent to the completion of a UNDP-assisted project, make available to the UNDP at its request information as to benefits derived from and activities undertaken to further the purposes of that project, including information necessary or appropriate to its evaluation or the evaluation of UNDP assistance, and shall consult with and permit observation by the UNDP for this purpose.

4.4. Any information or material which the Government is required to provide to the UNDP under this Paragraph shall be made available by the Government to an Executing Agency at the request of the Executing Agency concerned.

4.5. The Parties shall consult each other regarding the publication, as appropriate, of any information relating to any UNDP-assisted project or to benefits derived therefrom. However, any information relating to any investment-oriented project may be released by the UNDP to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

5. Participation and Contribution of Government in Execution of Project

5.1. In fulfillment of the Government's responsibility to participate and cooperate in the execution of the projects assisted by the UNDP, it shall contribute the following in kind to the extent detailed in relevant Project Documents:

(a) local counterpart professional and other services, including national counterparts to operational experts;

(b) land, buildings, and training and other facilities available or produced within the country; and

(c) equipment, materials and supplies available or produced within the country.

5.2. Whenever the provision of equipment forms part of UNDP assistance to the Government, the latter shall meet charges relating to customs clearance of such equipment, its transportation from the port of entry to the project site together with any incidental handling or storage and related expenses, its insurance after delivery to the project site, and its installation and maintenance.

5.3. The Government shall also meet the salaries of trainees and recipients of fellowships during the period of their fellowships.

5.4. If so provide in the Project Document, the Government shall pay, or arrange to have paid, to the UNDP or an Executing Agency the sums required, to the extent specified in the Project Budget of the Project Document, for the provision of any of the items enumerated in sub-paragraph 5.1 of the Paragraph whereupon the Executing Agency shall obtain the necessary items and account annually to the UNDP for any expenditures out of payments made under this provision.

5.5 Moneys payable to the UNDP under the preceding sub-paragraph shall be paid to an account designated for this purpose by the Secretary-General of the United Nations and shall be administered in accordance with the applicable financial regulations of the UNDP.

5.6. The cost of items constituting the Government's contribution to the project and any sums payable by the Government in pursuance of this Paragraph, as detailed in Project Budgets, shall be considered as estimates based on the best information available at the time of preparation of such Project Budgets. Such sums shall be subject to adjustment whenever necessary to reflect the actual cost of any such items purchased thereafter.

5.7. The Government shall as appropriate display signs at each project identifying it as one assisted by the UNDP and the Executing Agency.

6. Assessed Programme Costs Payable in Local Currency

6.1. In addition to the contribution referred to in Paragraph 5 above, the Government shall assist the UNDP in providing it with assistance by paying or arranging to pay for the following local costs or facilities, in the amounts specified in the relevant Project Document or otherwise determined by the UNDP in pursuance of relevant decisions of its governing bodies:

- (a) The local living costs of advisory experts and consultants assigned to projects in the country;
- (b) Local administrative and clerical services, including necessary local secretarial help, interpreter-translators, and related-translators, and related assistance;
- (c) Transportation of personnel within the country; and
- (d) Postage and telecommunications for official purposes.

6.2. The Government shall also pay each operational expert directly the salary, allowances and other related emoluments which would be payable to one of its nationals if appointed to the post involved. It shall grant an operational expert the same annual and sick leave as the Executing Agency concerned grants its own officials, and shall make any arrangement necessary to permit him to take home leave to which he is entitled under the terms of his service with the Executing

Agency concerned. Should his service with the Government be terminated by it under circumstances which give rise to an obligation on the part of an Executing Agency to pay him an indemnity under its contract with him, the Government shall contribute to the cost thereof the amount of separation indemnity which would be payable to a national civil servant or comparable employee of like rank whose service is terminated in the same circumstances.

6.3. The Government undertakes to furnish in kind the following local services and facilities:

- (a) The necessary office space and other premises;
- (b) Such medical facilities and services for international personnel as may be available to national civil servants;
- (c) Simple but adequately furnished accommodation for international personnel, and the provision of such housing to operational experts under the same conditions as to national civil servant comparable

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6.4. The Government shall also contribute towards the expenses of maintaining the UNDP mission in the country by paying annually to the UNDP a lump sum mutually agreed between the Parties to cover the following expenditures:

- (a) An appropriate office with equipment and supplies, adequate to serve as local headquarters for the UNDP in the country;
- (b) Appropriate local secretarial and clerical help, interpreters, translators and related assistance;
- (c) Transportation of the Resident Representative and his staff for official purposes within the country;
- (d) Postage and telecommunications for official purposes; and
- (e) Subsistence for the Resident Representative and his internationally-recruited staff while in official travel status within the country.

6.5. The Government shall have the option of providing in kind the facilities referred to in sub-paragraph 6.4 above, with the exception of items (b) and (e).

6.6. Moneys payable under the provisions of this Paragraph, other than under sub-paragraph 6.2, shall be paid by the Government and administered by the UNDP in accordance with Paragraph 5, subparagraph 5.5.

7. Relation to Assistance from other Sources

In the event that assistance towards the execution of a project is obtained by either Party from other sources, the Parties shall consult each other and the Executing Agency with a view to effective co-ordination and utilization of assistance received by the Government from all sources. The obligations of the

Government hereunder shall not be modified by any arrangements it may enter into with other entities co-operating with it in the execution of a project.

8. Use of Assistance

The Government shall exert its best efforts to make the most effective use of the assistance provided by the UNDP and shall use such assistance for the purpose for which it is intended. Without restricting the generality of the foregoing, the Government shall take such steps to this end as are specified in the Project Document.

9. Privileges and immunities

9.1. The Government shall apply to the United Nations and its organs, including the UNDP and UN subsidiary organs acting as UNDP Executing Agencies, their property, funds and assets, and to their officials, including the Resident Representative and other members of the UNDP mission in the country, the provisions of the Convention on the Privileges and immunities of the United Nations.

9.2. The Government shall apply to each Specialized Agency acting as an Executing Agency, its property, funds and assets, and to its officials, the provisions of the Convention on the Privileges and immunities of the Specialized Agencies, including any Annex to the Convention applicable to such Specialized Agency. In case the International Atomic Energy Agency (the IAEA) acts as an Executing Agency, the Government shall apply to its property, funds and assets, and to its officials and experts, the Agreement on the Privileges and immunities of the IAEA.

9.3. Numbers of the UNDP mission in the country shall be granted such additional privileges and immunities as may be necessary for the effective exercise by the mission of its functions.

9.4. (a) Except as the Parties may otherwise agree in Project Documents relating to specific projects, the Government shall grant all persons, other than Government nationals employed locally performing services on behalf of the UNDP, a Specialized Agency or the IAEA who are not covered by subparagraphs 9.1 and 9.2 above the same privileges and immunities as officials of the United Nations, the Specialized Agency concerned or the IAEA under Sections 18,19 or 18 respectively of the Conventions on the Privileges and immunities of the United Nations or of the Specialized Agencies, or of the Agreement on the Privileges and immunities of the IAEA.

(a) For purposes of the instruments on privileges and immunities referred to in the preceding parts of this Paragraph:

- (1) All papers and documents relating to a project in the possession or under the control of the persons referred to in sub-paragraph 9.4 (a) above shall be deemed to be documents belonging to the United Nations, the Specialized Agency concerned, or the IAEA, as the case may be; and
- (2) Equipment, materials and supplies brought into or purchased or purchased or leased by those persons within the country for purposes of a project shall be deemed to be property of the United Nations, the Specialized Agency concerned, or the IAEA, as the case may be.

9.5. The expression "persons performing services" as used in Paragraphs 9, 10 and 13 herein includes operational experts, volunteers, consultants, and juridical as well as natural persons and their employees. It includes governmental or non-governmental organizations or firms which UNDP may retain, whether as an Executing Agency or otherwise, to execute or to assist in the execution of UNDP assistance to a project, and their employees. Nothing in this Exchange of Letters shall be construed to limit the privileges, immunities or facilities conferred upon such organizations or firms or their employees in any other instrument.

10. Facilities for Execution of UNDP Assistance

10.1. The Government shall take any measures which may be necessary to exempt the UNDP, its Executing Agencies, their experts and other persons performing services on their behalf from regulations or other legal provisions which may interfere with operations under this Exchange of Letters, and shall grant them such other facilities as may be necessary for the speedy and efficient execution of UNDP assistance. It shall, in particular, grant them the following rights and facilities:

- (a) prompt clearance of experts and other persons performing services on behalf of the UNDP or an Executing Agency;
- (b) prompt issuance without cost of necessary visas, licenses or permits;
- (c) access to the site of work and all necessary rights of way;
- (d) free movement within or to or from the country, to the extent necessary for proper execution of UNDP assistance;
- (e) the most favorable legal rate of exchange;
- (f) any permits necessary for the importation of equipment, materials and supplies; and for their subsequent exportation;
- (g) any permits necessary for importation of property belonging to and intended for the personal use or consumption of officials of the UNDP, its Executing Agencies, or other persons performing services on their behalf, and for the subsequent exportation of such property; and

- (h) prompt release from customs of the items mentioned in sub-paragraphs (f) and (g) above.

10.2. UNDP's assistance being provided for the benefit of the Government and its people, the Government shall bear all risks arising from operations under this Exchange of Letter. It shall be responsible for dealing with claims which may be brought by third parties against the UNDP or an Executing Agency, their officials or other persons performing services on their behalf, and shall hold them harmless in respect of claims or liabilities arising from operations under this Exchange of Letters. The foregoing provision shall not apply where the Parties and the Executing Agency are agreed that a claim or liability arises from the gross negligence or willful misconduct of the above-mentioned individuals.

11. Suspension or Termination of Assistance

11.1. The UNDP may by written notice to the Government and to the Executing Agency concerned suspend its assistance to any project if in the judgment 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.

11.2. If any situation referred to in sub-paragraph i of this Paragraph 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 its assistance to the project.

11.3. 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.

12. Settlement of Disputes

12.1. Any dispute between the UNDP and the Government which is not settled by negotiation or other agreed mode of settlement shall be submitted to arbitration at the request of either Party.

Each Party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third, who shall be the chairman. If within thirty days of the request for arbitration either Party has not appointed an arbitrator or if within fifteen days of the appointment of two arbitrators the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, and the expenses of the arbitration shall be borne by the Parties as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Parties as the final adjudication of the dispute.

12.2. Any dispute between the Government and an operational expert arising out of or relating to the conditions of his service with the Government may be referred to the Executing Agency providing the operational expert by either the Government or the operational expert involved, and the Executing Agency concerned shall use its good offices to assist them in arriving at a settlement. If the dispute cannot be settled in accordance with the preceding sentence or by other agreed mode of settlement, the matter shall at the request of either Party be submitted to arbitration following the same provisions as are laid down in subparagraph 12.1 of this Paragraph, except that the arbitrator not appointed by either Party or by the arbitrators of the Parties shall be appointed by the Secretary-General of the Permanent Court of Arbitration.

13. General

13.1. These conditions may be modified by written agreement between the Parties hereto. Any relevant matter for which no provision is made herein shall be settled by the Parties in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations. Each Party shall give full and sympathetic consideration to any proposal advanced by the other Party under this sub-paragraph.

13.2. These conditions may be terminated by either Party by written notice to the other and shall terminate sixty days after receipt of such notice.

13.3. The obligations assumed by the Parties under Paragraphs 4 (concerning project information) and 8 (concerning the use of assistance) hereof shall survive the expiration or termination of this Exchange of Letters. The obligations assumed by the Government under Paragraphs 9 (concerning privileges and immunities), 10 (concerning facilities for project execution) and 12 (concerning settlement of disputes) hereof shall survive the expiration or termination of these conditions to the extent necessary to permit orderly withdrawal of personnel, funds and property of the UNDP and of any Executing Agency, or of any persons performing services on their behalf.

Your Excellency,

I avail myself of this opportunity to inform you, on behalf of the Government of the Republic of Macedonia, that the Government of the Republic of Macedonia accepts the basic conditions contained in paragraph 1 to 13 of this Act of Cooperation between the Republic of Macedonia and the United Nations Development Program. In consequence thereof, we consider that this document enters into force for both Parties. In case of dispute, we agree that the English version of the text shall prevail over the Macedonian version. For that aim, you will find enclosed herewith the official translation from the Macedonian language into the English language made by the Translation Service of the Ministry of Foreign Affairs of the Republic of Macedonia.

Please accept, Your Excellency, the assurances of my highest consideration.

Stevo Crvenkovski
Minister of Foreign Affairs
of the Republic of Macedonia

Hereby it is confirmed that the translation has been done correctly and in its entirety by Mrs. Svetlana Geleva, court translator and authorized translator of this Ministry.

