THIRD-PARTY COST-SHARING AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
AND
THE REGIONAL ENVIRONMENTAL CENTER FOR CENTRAL AND EASTERN
EUROPE (REC)

WHEREAS REC hereby agrees to contribute funds to UNDP on a cost-sharing basis
(hereinafter referred to as “the Contribution”) for the implementation of the Project “Supporting
Kosovo’s Low-Emission, Climate Resilient Development Strategy” (hereinafter referred to as
“the Project”), as described in the Project document [Supporting Kosovo’s Low-Emission,
Climate Resilient Development Strategy]. The grant for the Project is provided by the Austrian
Development Agency (ADA) through REC.

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

WHEREAS the Kosovo Ministry of Environment and Spatial Planning has been duly
informed of the contribution to the project provided by ADA through REC,

WHEREAS UNDP shall serve as an Implementing Partner for the implementation of the
project,

NOW THEREFORE, UNDP and REC (hereinafter referred to as “the Parties”) hereby agree
as follows:

**Article I. The Contribution**

1. (a) REC shall, in accordance with the schedule of payments set out below, contribute to
UNDP the amount of 420,000.00 Euro. The Contribution shall be deposited in the bank
account:

<table>
<thead>
<tr>
<th>Account Name: UNDP Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Holder: UNDP</td>
</tr>
<tr>
<td>Bank Name: Bank of America</td>
</tr>
<tr>
<td>Bank Address: 5 Canada Square, London, SAg E14</td>
</tr>
<tr>
<td>Acc.No.: 6008-62722-022</td>
</tr>
<tr>
<td>Swift: BOFAGB22</td>
</tr>
<tr>
<td>Sort Code: 165050</td>
</tr>
<tr>
<td>IBAN: GB59BOFA16505062722022</td>
</tr>
<tr>
<td>Bank Account Currency: EUR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schedule of payments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>upon signature and no later than 31.07.2013</td>
<td>220,000.00 Euro</td>
</tr>
<tr>
<td>01.02.2014</td>
<td>150,000.00 Euro</td>
</tr>
<tr>
<td>01.02.2015</td>
<td>50,000.00 Euro</td>
</tr>
</tbody>
</table>
(b) REC 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 REC with a view to determining whether any further financing could be provided. 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 regulations, rules, policies and procedures of UNDP. UNDP shall be fully and solely responsible for the proper implementation of the project and management of the corresponding funds.

5. Procurements if any shall be carried out according to UNDP rules and procedures. UNDP will ensure that the basic principles of transparency, competition and equal treatment and non-discrimination are followed in accordance with its procurement procedures.

6. All financial accounts and statements shall be expressed in United States dollars and, in a separate column, in Euro. The provisional financial statements provided by the CO will also be made in Euro.

Article II. Utilization of the Contribution

1. The implementation of the responsibilities of UNDP 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 REC and ADA on a timely basis a supplementary estimate showing the further financing that will be necessary. REC and ADA 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 ADA or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

4. Any interest revenue 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.

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

   (a) From the country office semiannual reports of project progress for the duration of the Agreement, and semiannual financial report 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 the country office within two and half months after the date of completion or termination of the Agreement, a final report summarizing project activities 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 project, 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 REC. 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, 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 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 and the Ministry of Environment and Spatial Planning of Kosovo 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 REC by UNDP Kosovo.

Article VIII. Advertisement of the contribution, visibility

1. Neither party shall use the name or emblem, or any abbreviation thereof, of the other party in connection with its business or otherwise without the express prior written approval of that other party. In no event will authorization be granted for commercial purposes, or for use in any manner that suggests an endorsement by UNDP of REC, its products or services.

2. REC acknowledges that it is familiar with UNDP’s ideals and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNDP.

3. REC may make representations to its shareholders and internal budget officials as required about the fact of the contribution to UNDP. Any other use of the UNDP name or emblem, and any other form of recognition or acknowledgement of the contribution of REC are subject to consultations between the Parties, and the prior written agreement of UNDP.

4. UNDP will report on the contribution to its Executive Board in accordance with its regular procedures regarding contributions from private donors. Other forms of recognition and acknowledgement of the contribution are subject to consultations between the Parties, but the manner of such recognition and acknowledgement shall be determined at the sole discretion of UNDP.
5. Upon the request of REC, UNDP shall take all appropriate measures to publish the fact that the Project has received funding from ADA. UNDP shall display or attach the logo of or a reference to the funding provided by ADA to all publications as well as the funded equipment, facilities and buildings in a visible way.

**Article IX. Completion of the Agreement**

1. UNDP shall notify REC when all activities relating to the Project have been completed in accordance with the project document.

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 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 REC and consult with REC and ADA 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 that remain unexpended after all commitments and liabilities have been satisfied shall be returned by UNDP to REC

**Article X. Termination of the Agreement**

1. This Agreement may be terminated by UNDP or by REC after consultations between REC, ADA, UNDP and the Ministry of Environment and Spatial Planning of Kosovo, 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 that remain unexpended after all commitment and liabilities have been satisfied shall be returned by UNDP to REC.

4. 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: Notice

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

(a) To REC:
   Name: Ms. Marta Szigeti Bonifert
   Position: Executive Director
   Address: The Regional Environmental Center for Central and Eastern Europe, Ady Endre ut 9-11, 2000 Szentendre, Hungary

(b) Upon receipt of funds, UNDP shall send an electronic receipt to REC email address provided below as confirmation that the remitted funds have been received by UNDP.
   REC email address: FAT@rec.org
   Attention: Mr. Zoltan Honti, Head of Finance

(c) To UNDP:
   Name: Ms. Steliania Nedera
   Position: Deputy Resident Representative
   Address: United Nations Development Programme Office in Kosovo, Payton Place 14, 10000 Pristina, Kosovo

Article XII. Amendment of the Agreement

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

Article XIII. Settlement of Disputes

1. The parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this agreement or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with UNCITRAL Conciliation Rules then obtaining, or according to such procedure as may be agreed between the parties.

2. Any dispute, controversy or claim between the Parties arising out of or relating to this agreement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within (60) sixty days after receipt by one Party of the other Party’s request for such amicable settlement, shall be referred by either party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award punitive damages. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

Article XIV- Privileges and Immunities
Nothing in this agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP.

**Article XV. 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 REC

Name: Marta Szigeti Bonifert
Title: Executive Director
Date: 2013 JUL 10.

For the United Nations Development Programme:

Name: Osnat Lubrani
Title: Resident Representative
Date: 15 OCT 2013