

**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 Donor hereby agrees to contribute funds to UNDP on a cost-sharing basis (hereinafter referred to as “the Contribution”) related to the project “Strategic Accelerator Partnership” and in particular to the part related to the creation of a “Centre for Climate and Sustainable Development in Asia Pacific”, as described in the project document (hereinafter referred to as “the Project”).

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

WHEREAS UNDP seeks to expand partnerships with the Italian Government with an important focus on Asia Pacific and the theme of climate and the environment;

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 EUR 4,000,000. The Contribution shall be deposited in the following bank account,

Account Name: UNDP Contributions Account

Currency: Euro

Account Number: 600862722022

Bank Name: Bank of America – London

Bank Address: 5 Canada Square
London E14 5AQ, UNITED KINGDOM

IBAN: GB59BOFA16505062722022

SWIFT Address: BOFAGB22

<u>Schedule of payments</u>	<u>Amount</u>
	EUR 4,000,000

The first instalment of Euro 1,000,000 of the total amount will be made against a written request by UNDP to the Donor, upon the entry into force of this agreement.

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The second instalment of Euro 2,250,000 of the total amount will be made after receipt of a written request by UNDP to the Donor and a progress report against the work plan and a financial report from UNDP on the first tranche and the use of the previous payment.

A third instalment of the remaining Euro 750,000 of the total amount will be made after receipt of a written request by UNDP to the Donor and a progress report against the work plan and a financial report from UNDP on the second tranche and the use of the previous payment.

(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

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 the following reports 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) 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 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

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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

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

(a) To the Donor:

Ministry of Environment Land and Sea
Directorate for Sustainable Development, Environmental Damage, European Union
and International Affairs
Via Cristoforo Colombo
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:

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

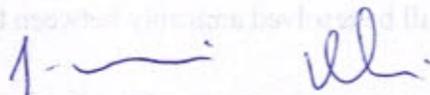
This Agreement shall enter into force upon the signature of this Agreement by the parties hereto, on the date of the last signature.

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: Dott Giovanni Brunelli

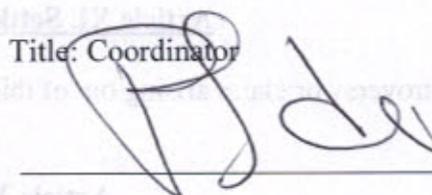
Title: Director



For United Nations Development Programme

Name: Pier Carlo Sandei

Title: Coordinator



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Global Initiation Plan

Project Title: UNDP Strategic Acceleration Partnership

Signature Solution(s): 1. Keeping people out of poverty, 3. Enhance national prevention and recovery capacities for resilient societies, 5. Close the energy gap.

Expected Output(s): Establishment of a UNDP office in Rome to house the project and to liaise closely with Italian counterparts.
Initiation of early convening activities and basic functions of the center.
Development of a full project document establishing UNDP's support to the commitments of the 2017 Italian G7 Presidency.

Initiation Plan Dates: February 2018-August 2019

Implementing Partner: UNDP

Brief Description

This project initiation plan (PIP) will focus on the development of the full project document which will eventually span multiple regions and countries. A key element of this project is the establishment of the Africa Center for Sustainable Development (ACSD) for which a draft project concept has already been developed but which will be revised in 2018 in light of evolving opportunities and its expansion to include other regions.

The establishment of the Center itself is expected to take time in light of the many legal and administrative actions that will have to be undertaken to formally re-establish a UNDP presence in Rome.

This project is of key importance to not only Italy but also other G7 members who expect the Center to become operational as early as possible from 2018 so as to be able to undertake its convening, coordination and clearinghouse role. This PIP thus also foresees a number of activities to initiate these activities.

Programme Period:	Feb. 2018-August 2019
Atlas Project Number:	00109531
Atlas Output ID:	00108868
Gender Marker:	GEN1

Total resources required	\$630,000
Total allocated resources:	_____
• Regular	None
• Other:	
○ Donor	Italy
Unfunded budget:	\$0m
In-kind Contributions	None

Agreed by UNDP: _____

[Handwritten signature]

I. PURPOSE AND EXPECTED OUTPUT

The final and full project document seeks to contribute to the acceleration of structural transformation for sustainable development, especially through innovative solutions that have multiplier effects across the Sustainable Development Goals and the implementation of the Paris Agreement.

Given the scale and ambition of this project, it is expected that multiple G7 and other partners will participate in the project in due course once it is established and the first Sustainable Development centers become operational.

A key deliverable of the project will be the establishment of the first Center for Sustainable Development, for Africa, the ACSD. It is expected to launch in the first quarter of 2019 following extensive preparations in 2018 that will include the identification of premises in Rome, establishment of a legal basis for the center and the development of new management arrangements for an operational presence in Italy. If possible, other centers will also be established under the PIP period to include Latin America and the Caribbean, and Asia-Pacific.

The project will also seek to initiate as many substantive activities as possible relating to the convening of key development actors and high-level figures engaged in sustainable development, especially on the theme of climate change, with ongoing focus on Africa and the Sahel.

A final key deliverable will be the high-level launch of the Center in 2019 with the President of the Republic of Italy and other senior officials.

This PIP is fully funded by the Italian Ministry to the Environment, Land and Sea, with further funding to be mobilized for the full project following the end of the PIP.

II. MANAGEMENT ARRANGEMENTS

Though being focused on sustainable development and climate change as a central theme to UNDP and the broader international community, given the strategic partnership nature of this project with a key OECD DAC donor, it will temporarily be housed in the Partnerships Group of the Bureau of External Relations and Advocacy (BERA) in New York.

The project will be led by the SAP project manager who will also serve as the coordinator of the first center (Africa Center for Sustainable Development, ACSD), based in the UNDP offices in Rome. The project manager/Coordinator has the delegated authority from BERA management in New York to manage the SAP according to FRR, POPP and the PPM guidelines. Given its regional and thematic focus the project will also be working with other regional bureaux and offices.

During the PIP period, Italy as the sole donor will be consulted regularly and is included in the day to day decisions of the UNDP project. A formal project board will not be necessary during this period but a complete governance mechanism will be established for the full project.

III. MONITORING

The SAP project manager/Coordinator of the Africa Center in Rome manages this project on a day-to-day basis and interfaces regularly with Italian counterparts and the UNDP bureaux, and ensures that the Italian counterparts receive the expected project reports from the country offices as they are

implemented, according to local arrangements between Italy and UNDP. This will continue to be the case into the full project to follow.

The Management Support Unit (MSU) in BERA will approve and monitor all expenditures and procurement actions, ensuring compliance with UNDP FRRs and processes.

The PIP is temporarily anchored in the Partnerships Group (PG) of BERA which will work closely with BPPS, which may be the future host of this project. BERA will coordinate closely with the Executive Office and the broader UNDP bureaux while working closely with the Italian counterparts in the rapid evolution of this project.

