

09/01101-6
ZAM-08-026
ZAM-3016

COST-SHARING AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

AND

THE UNITED NATIONS DEVELOPMENT PROGRAMME

REGARDING

THE CLIMATE CHANGE FACILITATION UNIT

WHEREAS the United Nations Development Programme (UNDP) and the Norwegian Ministry of Foreign Affairs (MFA) have agreed to cooperate in the implementation of the Climate Change Facilitation Unit (the Project) in Zambia, which is the a component of the UNDP support towards sustainable utilization of environment assets and climate change within the Country Programme Action Plan¹ attached as Annex 3 .

WHEREAS UNDP and the Government of Norway concluded a Framework Agreement on 2 December 2003 (the Framework Agreement) setting out the general arrangements for receipt and use of resources from Norway,

WHEREAS MFA hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the Project,

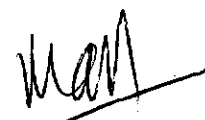
WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the Project,

WHEREAS the Government of the republic of Zambia has been duly informed of the contribution of MFA to the Project,

WHEREAS UNDP shall designate an Executing Entity for the implementation of the Project (the Ministry of Tourism Environment and Natural Resources)

NOW THEREFORE UNDP and MFA hereby agree as follows:

¹ The programme/project is described in the project document [project no. and title]. 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.



Article I Scope and objective

1. This Agreement together with the Framework Agreement sets forth the terms and procedures for MFA's contribution to the Project which is summarized in Annex 2 to this Agreement and more fully described in the Project Document "Support to the Immediate Issues on Climate Change and the Establishment of a Comprehensive Climate Change Response Strategy dated 5th January 2009,
2. The Goal of the Project is "to reduce the impacts of climate change on the "development of key sectors"
3. The Objectives of the Project are:
 - Establish a functional climate change facilitation unit for development of climate change response strategy.
 - Draft climate change policy
 - Develop a communication and advocacy strategy
 - Co-ordinate and implement immediate initiatives for implementation of national adaptation plan of action (NAPA) and reduced emissions from deforestation and land degradation (REDD) to enhance national response to climate change.
 - Facilitate the integration of climate change responses into national strategic planning

Article II The Contribution


1. MFA shall, subject to Parliamentary appropriation and on the terms and conditions set forth in this Agreement, and Article II, Paragraph 5 of the Framework Agreement in accordance with the schedule of payments set out below, contribute to UNDP an amount not exceeding NOK 11.000.000 to be used exclusively to finance the Project and cover the costs referred to in Article VI, Paragraph 1 covering the period 2009 to 2010. The contribution shall be deposited in *DnBNOR, UNDP Contributions Account #7001-02-43287, Stranden 21, Aker Brygge, 0021 Oslo, Norway, or for US\$, JP Morgan Chase Bank, UNDP Contributions Account #015-002284*

Schedule of payments	Amount
18.07.09	NOK 5.500.000
18.02.10	NOK 5.500.000

UNDP shall promptly upon identification in writing acknowledge receipt of the funds.

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 MFA with a view to determining whether any further financing could be provided by MFA. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.

2. After consultation with UNDP, MFA may withhold disbursements in case of:
 - a. substantial deviations from agreed plans and budgets;
 - b. failure of UNDP to provide the reports in Article IV as agreed;



- c. evidence of financial mismanagement of the Project.

MFA may claim repayment in full or in part of funds from the contribution to the extent UNDP has been able to obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the Financial Regulations and Rules of the UNDP. Before withholding disbursement or reclaiming payment, UNDP and MFA shall consult with a view to resolving promptly the matter. UNDP reserves the right to reduce, suspend or terminate the activities, in its sole discretion.

Article III 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 II, Paragraph 1.
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 MFA on a timely basis a supplementary estimate showing the further financing that will be necessary.
3. If the payments referred to in Article II, Paragraph 1 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 MFA or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

Article IV Administration and reporting

1. For the implementation of this Agreement MFA shall be represented by the Royal Norwegian Embassy in Lusaka and UNDP by UNDP Lusaka. All communication concerning the Project shall be between the above mentioned representatives.
2. Representatives of MFA and UNDP shall have annual consultations in the fourth quarter each year, in accordance with the Framework Agreement Article VIII, in order to:
 - a. review the progress of the Project (annual report)
 - b. discuss possible revisions of plans and budgets
 - c. discuss issues of special concern for the implementation of the Project.

Documentation for annual consultations to be submitted two weeks before the date of the meeting

Representatives from the Ministry of Tourism Environment and Natural Resources in Zambia and other relevant donors shall also be invited to the annual consultations.

3. The documents specified in the Framework Agreement Articles V and VI shall form the basis for the annual consultations.
4. Project management and expenditures shall be governed by the Financial Regulations and Rules of UNDP. If matters arise during the execution of the Project, which are considered by UNDP of substantive character, UNDP shall inform and consult with MFA. UNDP shall ensure that the contribution is recorded in the accounts of UNDP and reported together with all other (non-core) resources to UNDP from Norway.

5. UNDP headquarters and country office shall provide reporting to MFA as outlined in the Framework Agreement prepared in accordance with UNDP accounting and reporting procedures.
6. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of MFA. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

Article V 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 VI Management and support services

1. In accordance with the decisions and directives of UNDP's Executive Board, the contribution shall be charged:
 - a. 7 % in indirect costs incurred for the provision of general management support (GMS) by UNDP headquarters and country offices
 - b. direct cost for implementation support services (ISS) provided by UNDP
2. The total cost incurred for the Project, including the direct costs of support services and the indirect cost of general management support, shall not exceed the total resources available to the Project under this Agreement.

Article VII Audit

Arrangements for audit of project activities are as set forth in the Framework Agreement and also in the project document in annex 2.

Article VIII Completion, termination and amendments

1. UNDP shall notify MFA when all activities relating to the Project have been completed.
2. After consultations have taken place between MFA, UNDP and the Government of the Republic of Zambia and provided that the payments 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 may be terminated by UNDP or by MFA. 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.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments and liabilities incurred in implementation of the Project up to the date of termination have been satisfied and the Project activities brought to an orderly conclusion.
4. Any payments that remain unexpended after such commitments and liabilities have been satisfied may be utilized for the benefit of other activities within the Project upon agreement between the Parties.
5. The Agreement may be amended through an exchange of letters between MFA and UNDP. The letters exchanged to this effect shall become an integral part of the Agreement.



Article IX Entry into force

1. This Agreement shall enter into force upon its signature by both Parties and shall remain in force until all obligations arising from it have been fulfilled and all commitments and liabilities incurred in the implementation of the Project have been satisfied. Whether these obligations shall be regarded as fulfilled shall be determined in consultations between the Parties.

IN WITNESS the undersigned, acting on behalf of their respective institution, have signed the present Agreement in the English language in two copies.


Lusaka

14 July 2009

Date

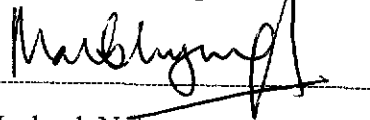
14 July 2009

For the Norwegian Ministry of
Foreign Affairs



Tore Gjøes
Ambassador

For the United Nations
Development Programme



Macleod Nyirongo
Resident Representative

Annex I Summary of Project Description

1. Identification of the Project

Title: Climate Change Facilitation Unit
Implementing Institution: Ministry of Tourism Environment and Natural Resources

2. Description of the Programme

2.1 Goal

The Goal of the Project is “to reduce the impacts of climate change on the “development of key sectors”

2.2 Objectives

- Establish a functional climate change facilitation unit for development of climate change response strategy.
- Draft climate change policy
- Develop a communication and advocacy strategy
- Co-ordinate and implement immediate initiatives such as NAPA and REDD to enhance national response to climate change.
- Facilitate the integration of climate change responses into national strategic planning

2.3 Outputs

- Functional climate change facilitation unit for development of climate change response strategy.
- Draft climate change policy
- Communication and advocacy strategy
- NAPA and REDD programmes developed
- Guidelines for effective participation in conferences
- Profile on data sources for analytical works
- CDM projects
- NDP responsive to climate change issues

2.4 Inputs

Personnel, equipment, office space and funds

2.5 Main indicators

- Number of susceptible sectors adapt and record minimum loss due to climate change.
- National Climate Change response strategy formulated and implemented

- NAPA implementation initiated in 2009
- Full functioning Secretariat established
- Draft policy on Climate Change formulated
- Profile on data sources for analytical work developed
- Register at least 2 CDM projects
- Prepare input into Zambia's 6th Development Plan

2.6 Major risk factors

- Shift in political will
- Political stability
- Capacity of secretariat to deliver results