



**COST SHARING AGREEMENT BETWEEN THE UNITED NATIONS DEVELOPMENT
PROGRAMME AND THE PLANNING AND DEVELOPMENT DEPARTMENT,
GOVERNMENT OF KHYBER PAKHTUNKHWA**

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and the Planning and Development Department, Government of Khyber Pakhtunkhwa (hereinafter referred to as the "Government") have agreed to co-operate in the implementation of Mainstreaming, Accelerating, Policy Support for Sustainable Development Goals in Khyber Pakhtunkhwa" (hereinafter referred to as "the Project") which shall support the achievement of SDGs in Khyber Pakhtunkhwa, as described in Project Brief (**Annex 1**) .

WHEREAS the Government has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis to increase the resources available for the Project;

WHEREAS the UNDP shall serve an Implementing Partner for the implementation of each Project financed from the contribution (hereinafter referred to as "Implementing Partner") and / UNDP.

NOW THEREFORE, UNDP and the Government hereby agree as follows:

Article I

1. The Government shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of the Implementing Partner the Contribution of PKR 300 million. All financial accounts and statements shall be expressed in United States dollars as per the Implementing Partner rules, regulations, policy and procedure.

2. The Government shall, in accordance with the schedule of payments set out below, deposit the Contribution in the UNDP Resident Representative Rupee Account; Account no. 01-7316348-02 at the Standard Chartered Bank, F-7, Islamabad.

<u>Date payment due</u>	<u>Amount (PKR)</u>
(a) January 2018	100 Million
(b) January 2019	100 Million
(c) January 2020	100 Million
Total	300 Million

UNDP will make its best efforts to mobilize the equivalent of funds through third party donors. However, if that additional funding is not available or mobilized, the assistance to be provided to the Project under this Agreement will be reduced accordingly by UNDP in consultation with the Govt.

3. The Government will inform UNDP when the Contribution is paid via an e-mail with remittance information to contributions@undp.org, providing the following information: Government's name, UNDP country office, [Mainstreaming, Accelerating, Policy Support for Sustainable Development Goals in Khyber Pakhtunkhwa Project], Government reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.
4. The value of the payment, if made in a currency other than the 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 Contribution, 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, the IP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the Project may be reduced by the Implementing Partner.
5. The above schedule of payments takes into account the requirement that contributions shall be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery with mutual consultation.
6. All financial accounts and statements shall be expressed in United States dollars.
7. UNDP may agree to accept Contributions in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 6 above. Any change in the currency of the Contribution shall be made only in agreement with UNDP by the respective donor.

8. Any interest revenue attributable to the contribution shall be credited to the UNDP Account and shall be utilized in accordance with established UNDP procedures.

Article II

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 3%. 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 III

1. The contribution shall be administered by the UNDP in accordance with UNDP regulations, rules, policies and procedures, applying its normal procedures for the execution of its projects. However, quarterly progress report of the physical activities and expenditure shall be submitted to Government.
2. Project management and expenditures shall be governed by the regulations, rules, policies and procedures of UNDP and, where applicable, the regulations, rules, policies and procedures of the Implementing Partner.

Article IV

1. The implementation of the responsibilities of the Implementing Partner pursuant to this Agreement and the relevant project document shall be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above. UNDP shall not start 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 due to inflationary factors, fluctuation in exchange rates, unforeseen contingencies, or as a result of mutual consent between UNDP and the Government resulting in increase or decrease of this contribution agreement), UNDP shall submit to the Government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to make available to UNDP the additional funds required.
3. If the Contribution referred to in Article I, paragraph 2, 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 Government or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP in consultation with the Government.
4. If the Implementing Partner fails to deliver the commitments mentioned in the Agreement (despite fulfillment of commitments by the Government of Khyber Pakhtunkhwa), the Government may terminate the Agreement and may claim the recovered non-committed amounts transferred as tranche (s) for the said purpose.

Article V

Ownership of equipment, supplies and other property financed from the total contribution shall vest in UNDP. However, the Ownership of equipment, supplies and other property financed from the Government Contribution shall be transferred to Government at the completion of the Project.

Article VI

The contribution shall be subject to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP.

According to UNDP Financial Regulations and Rules, audits of UNDP activities shall only be carried out by UNDP's internal and external auditors and cannot be subject to double auditing. Internal audits are the responsibility of the Office of Audit and Investigations (OAI) and external audits are the responsibility of the UNBOA (UN Board of Auditors). These rules are agreed upon by the UN member states including the Islamic Republic of Pakistan as Board Member of UNDP in the year 2012 and as Member State of the United Nations. Project audit reports of the Office of Audit and

Investigations, relevant to the contribution, when available, will be shared with the Government by the Country Office.

Article VII

UNDP shall provide the Government on request with financial and other reports prepared in accordance with UNDP reporting procedures. Any additional reporting shall be considered an eligible additional direct cost.

Article VIII

- 1- UNDP shall notify the Government when all activities relating to the "Project" have been completed in accordance with the Prodoc.
- 2- Notwithstanding the completion of all activities relating to the "Project", UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the activities finance by the contribution have been satisfied and these activities brought to an orderly conclusion.
- 3- If the unutilized funds prove insufficient to meet such commitments and liabilities, made in consultation with the Government of KP, UNDP shall notify the Government and consult with the Government 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 1,000 USD (one thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 1,000 USD (one thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the Government.

Article IX

1. After consultations have taken place between the two Parties to this Agreement 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 may be terminated by UNDP or by the Government. The Agreement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.
2. If the unutilized contribution-payments, together with other funds available to the Project, are insufficient to meet such commitments and liabilities, UNDP shall notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized funds until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
4. In cases where this agreement is terminated before Project completion any funds below 1,000 USD (one thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 1,000 USD (one thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the Government.

Article X

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

(a) To the Government:

Address: Planning and Development Department, Government of Khyber
Pakhtunkhwa, Civil Secretariat, Peshawar

(b) Upon receipt of funds, UNDP shall send an electronic receipt to the
Government email address provided below as confirmation that the remitted
funds have been received by UNDP

Government email address: sdgs.sdu@gmail.com

Attention:

Planning and Development Department,
Government of Khyber Pakhtunkhwa

(c) To UNDP: Mr. Ignacio Artaza
Country Director

Address: United Nations Development Programme
4th Floor, Serene Business Complex, Islamabad

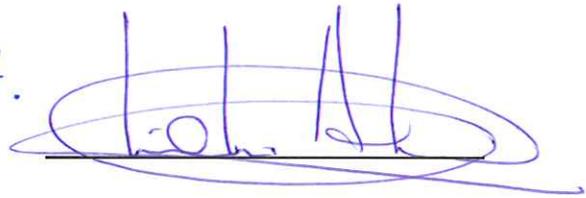
Article XI

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

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Agreement in the English language in two originals

For the Government:

For the United Nations Development Programme



Name: Dr. Shahzad Khan Bangash
Title: Additional Chief Secretary
Planning and Development Department
Government of Khyber Pakhtunkhwa

Name: Ignacio Artaza
Title: Country Director
UNDP

Date:

Date: 6 DEC 2017

Place:

Place: PESHAWAR

Annex -1 (The following provide tentative list of activities to be undertaken under this project)

Project Title: Mainstreaming Acceleration and Policy Support for SDGs in Khyber Pakhtunkhwa.

Background and Project objectives:

The 17 Sustainable Development Goals (SDGs) and 169 targets were formally adopted by the UN member states during the SDGs Summit at the UN on 25-27th September 2015. The Prime Minister of Pakistan represented the Pakistan's delegation and endorsed and committed to the achievement of SDGs.

To localize the SDGs in Pakistan and to provide a platform (SDG Unit) for inter – ministerial and inter – governmental coordination, the Ministry of Planning, Development and Reform has approved a joint project with UNDP. The SDG Unit in the Planning Ministry and similar units in provinces constitutes a national project on SDGs. The focus of the project is to support the Government of Pakistan (federal and provincial) in localizing the Agenda and in creating an enabling environment for its implementation. The project has four interlinked, mutually reinforcing outputs: 1) Mainstreaming SDGs in national and provincial strategies and plans; 2) Coordination, reporting and monitoring including the generation of data through the Statistics Institutions, production of regular progress reports and online dashboard etc; (3) Aligning financial flows with the 2030 Agenda; 4) Supporting integrated and innovative approaches to accelerate progress towards priority SDGs.

1) Mainstreaming SDGs in national and provincial strategies and plans

Localization of SDGs is one of the priority areas of the post 2015 discussions. In Pakistan, such localization efforts should go beyond the national level. In the post 18th Constitutional Amendment situation, localization has become the most critical element of an effective implementation mechanism for SDGs. In the current devolved governance structure, Pakistan would need to develop coordination mechanisms through which national and provincial plans and actions could be synthesized and experience and best practices shared.

The SDGs are more comprehensive than the MDGs. There are 17 SDGs and 169 targets as compared to just 8 MDGs and 18 targets. Therefore, a process of SDGs prioritization should be undertaken at the national level and in the context of each province. To the extent possible, such prioritization should be undertaken at the sub- national; province and district level.

- Establishing coordination mechanism through thematic working groups convened around each SDG involving relevant stakeholders with defined roles and responsibilities.
- Capacity assessment of statistics institutions with regard to data gaps and developing their capacities
- Setting up standard data protocols and developing coordination mechanisms between the federal and provincial / regional statistical bureaus
- Annual reporting on the provincial status of SDGs, summary reports, producing infographics etc
- Develop an online dashboard providing one window for monitoring of progress on Key Performance Indicators developed as part of the provincial action plan on SDGs
- Developing framework for public-private partnership and civil society engagement for a comprehensive data ecosystem
- Exploring and using alternate and technology driven models of data generation and reporting like the concept of BIG DATA

3) Aligning financial flows with the 2030 Agenda

The sub-national financing systems will be instrumental to achievement of the SDGs. In line with the Addis Ababa Action Agenda for financing of development (paragraph 34), national governments should develop and adopt inter-governmental frameworks that ensure sub-national governments with adequate resources to fulfil their tasks and responsibilities. Local revenue generation, fiscal transfers, access to long-term finance should be enhanced. International development funds, including ODA, should be better channeled to support local investments in basic infrastructures and services, particularly in less developed countries.

This output will therefore support government efforts to increasingly allocate and align financial resources with the 2030 Agenda. The proposed broader set of activities including the following:

- Analysis of the resources gap – what resources are available and what need to be mobilized. This component will include; assessment of national planning and budgeting systems and their results orientation, strengthening the alignment of priority flows with national/ provincial development plans/strategies and the SDGs and projections of future trends with these selected flows.
- Incentivizing resource allocation to SDG priorities. Provide policy recommendations on how to increase resource allocation to priority SDGs as part of the Provincial Finance Commission (PFC) awards. This should include both suggestions on how to refine the criteria for ‘backwardness’ as well as how to introduce SDG based performance based measurements. Organize policy dialogue to engage with various stakeholders, in

particular the parliament, media, civil society and district governments to influence the Provincial Finance Commission (PFC) awards.

- Citizen Budgeting. Work with different tiers of the government especially the Local Government, the concept of Citizens Budget will be introduced with the objective to take citizens' feedback for budget formulation especially at the local level.
- 4) Supporting integrated and innovative approaches to accelerate progress on SDGs on priority areas

This output will focus on pilot demonstration at the local level to showcase the intervention that can help catalyze achievement of SDGs target especially SDG 16 which is about developing "effective and accountable" institutions and SDG 17 "supporting means of implementation related to data". Key activities under the out include:

- Using MPI, deconstructed by districts and dimension for policy design policies and to target districts for development interventions, identifying those with intense poverty.
- Implement pilot project to support SDGs localization at district level for local economic development, effective and accountable institutions
- Data analysis to inform and substantiate the progress on implementation on the provincial action plan on SDGs
- Funding promising and innovative projects aimed at a particular SDG with the objective to pilot an innovative idea that is replicable and scalable

Role of UNDP and Government:

In line with the overall objectives and outputs of the project, UNDP and Government will prepare a work plan for each year of the project to identify roles and responsibilities of all stakeholders. The work plan will be get endorsed / approved by the Project Technical Committee at the provincial level and then at the Project Board meeting convened by the Ministry of Planning Development and Reforms and UNDP.

Resolution of project implementation issues:

Any issues between UNDP and Government of KP with regards to the implementation of the project will first be discussed between the two parties bilaterally. Unresolved matters will be taken up at the Project Technical Committee or the Project Board.