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**MEMORANDUM
BETWEEN THE MINISTRY OF FINANCE
OF THE RUSSIAN FEDERATION AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME**

WHEREAS the Ministry of Finance of the Russian Federation (the Donor) hereby intends to contribute funds to the United Nations Development Programme (UNDP) on a cost-sharing basis (hereinafter referred to as "the Contribution") for the implementation of the Project **00118363 "Fostering Inclusive Economic Development in Bordering Areas of Gegharkunik and Vayots Dzor Regions"** (hereinafter referred to as "the Project"), as described in the Project Document (Annex 1) and submitted to the Donor for information.

WHEREAS UNDP is prepared to receive and administer the Contribution for the implementation of the Project **00118363 Fostering Inclusive Economic Development in Bordering Areas of Gegharkunik and Vayots Dzor Regions"**.

WHEREAS the Government of Republic of Armenia has been duly informed of the Contribution of the Donor to the Project **00118363 "Fostering Inclusive Economic Development in Bordering Areas of Gegharkunik and Vayots Dzor Regions"**,

WHEREAS UNDP will designate an Implementing Partner for the implementation of the Project (hereinafter referred to as the "Implementing Partner"),

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

Article I. The Contribution

1. (a) The Donor will, in accordance with the schedule of payments set out below, contribute to UNDP the amount of 2,772,277 USD (two million seven hundred and seventy-two thousand two hundred and seventy-seven US Dollars) for the implementation of the Project. The Contribution will be deposited in the following account:

Account Name:	UNDP Representative in Armenia USD Account
Account No.	3752174414
Bank Name:	Bank of America
Bank Address:	222 Broadway New York NY 10038
Swift Address:	BOFAUS3N
Code:	026009593
ACH Routing Number:	111000012

Schedule of payments - Amount	Date
755,277 USD	By January 31 2020
1,262,000 USD	By January 31 2021
755,000 USD	By January 31 2022

(b) The Donor through the Ministry of Foreign Affairs of the Russian Federation 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, and Project number code "00118363"**. This information should also be included in the bank remittance advice when funds are remitted to UNDP.

(c) UNDP will send the Call for Financing Letter before the scheduled date to the Donor via email to PriemnayaDep17@minfin.ru.

2. The above schedule of payments takes into account the requirement that the payments will be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of the Project delivery. The UNDP shall, in the periods when the payments are made, provide the Donor with the confirmation of the Contribution receipt.

3. UNDP will receive and administer the payment in accordance with the rules, regulations, policies and procedures of UNDP.

4. All financial accounts and statements will 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 Memorandum and the Project document will 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 will not start the implementation of the activities prior to receiving the Contribution.

2. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.

3. Any interest income attributable to the Contribution will be credited to UNDP Account, retained by UNDP and will be utilized in accordance with established UNDP procedures.

Article III. Administration and reporting

1. The Project management and expenditures will 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 will provide to the Donor the following reports in accordance with UNDP accounting and reporting procedures.

(a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of the Project progress for the duration of this Memorandum, 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 (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of this Memorandum, a final report summarizing the 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.

2. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of the Donor. The nature and frequency of this reporting will be detailed in an annex to this Memorandum.

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 will 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 will 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, will not exceed the total resources available to the Project under this Memorandum as well as funds which may be available to the 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 Government of Republic of Armenia 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 will commission the evaluation, and the evaluation exercise will be carried out by external independent evaluators.

Article VI. Equipment

Ownership of equipment, supplies and other properties financed from the Contribution will vest in UNDP. Matters relating to the transfer of ownership by UNDP will be determined in accordance with the relevant policies and procedures of UNDP.

Article VII. Auditing

The Contribution will 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 will be made available to the Donor by the country office.

Article VIII. Completion of the Memorandum

1. UNDP will notify the Donor when all activities relating to the Project have been completed in accordance with the Project document.

2. Notwithstanding the completion of the Project will continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the Project have been satisfied and the Project activities brought to an orderly conclusion.

3. 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 will be reallocated by

UNDP after consultation with the Donor.

Article IX. Termination of the Memorandum

1. This Memorandum 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 Memorandum will cease to be effective 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate this Memorandum.

2. Notwithstanding termination of all or part of this Memorandum, UNDP will 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 the Project activities brought to an orderly conclusion.

3. In cases where this Memorandum is terminated before Project completion any funds that remain unexpended after all commitments and liabilities have been satisfied will be reallocated by UNDP after consultation with the Donor.

Article X: Notice

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

(a) For the Donor:

Mr. Sergey Storchak
Deputy Minister
Ministry of Finance of the Russian Federation
E-mail: PriemnayaStorchak@minfin.ru

CC:

Ms. Anastasiia Pavlova
Chief Expert
Department for International Relations
Ministry of Finance of the Russian Federation
E-mail: Pavlova.Anastasiia@minfin.ru
Phone: +7 (495) 913-11-11, ext. 1768

(b) Upon receipt of funds, UNDP will 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:

Mr. Sergey Storchak
Deputy Minister
Ministry of Finance of the Russian Federation
E-mail: PriemnayaStorchak@minfin.ru

CC:

Ms. Anastasiia Pavlova
Chief Expert
Department for International Relations
Ministry of Finance of the Russian Federation
E-mail: Pavlova.Anastasiia@minfin.ru
Phone: +7 (495) 913-11-11, ext. 1768

(c) to UNDP:
Mr. Dmitry Mariyasin
Resident Representative
Phone: +374 60 53 00 00
Email: registry.am@undp.org

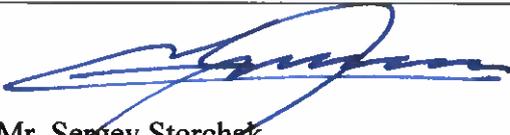
Article XI. Amendment of the Memorandum

This Memorandum may be amended through an exchange of letters between the Donor and UNDP. The letters exchanged to this effect will become an integral part of this Memorandum.

Article XII. Effective date

This Memorandum will be effective upon the signature of this Memorandum by the parties hereto, on the date of the last signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Memorandum in the English language in two copies.

For the Donor:	For the United Nations Development Programme
 Mr. Sergey Storchak Deputy Finance Minister of the Russian Federation Date:	 Mr. Dmitry Mariyasin Resident Representative UNDP Office in Armenia Date:

ANNEX I - COORDINATION LEVY

UNITED NATIONS GENERAL ASSEMBLY RESOLUTION A/RES/72/279

The present Annex is an integral part of the Memorandum between the Ministry of Finance of the Russian Federation and the United Nations Development Programme (UNDP).

Pursuant to paragraph 10(a) of United Nations General Assembly Resolution A/RES/72/279 (31 May 2018), the Donor agrees that an amount corresponding to 1% of the total contribution to UNDP shall be paid to finance the United Nations Resident Coordinator System. This amount, hereinafter referred to as the "coordination levy" will be held in trust by UNDP until transfer to the United Nations Secretariat for deposit into the United Nations Special Purpose Trust Fund, which has been established to finance the United Nations Resident Coordinator System and is managed by the United Nations Secretariat.

The Donor acknowledges and agrees that once the coordination levy has been transferred by UNDP to the United Nations Secretariat, UNDP is not responsible for the use of the coordination levy and does not assume any liability. The fiduciary responsibility lies entirely with the United Nations Secretariat as the manager of the Resident Coordination System.

The Donor acknowledges and agrees the coordination levy does not form part of UNDP's cost recovery and is additional to the costs of UNDP to implement the activity or activities covered by the contribution. Accordingly, there is no obligation for UNDP to refund the levy, in part or in full, even where the activities covered by the contribution are not carried out in full by UNDP. As deemed necessary by the donor, however, especially where the scale of the resources concerned or reputational risk justify the refund transaction costs, the donor can submit a request for refund to the United Nations Secretariat directly.

UNDP will not administer the coordination levy. UNDP will not report on the use of the coordination levy. UNDP does not have any liability on the use of the coordination levy by the United Nations Secretariat. Clarifications on the administration, reporting and/or use of the coordination levy by the United Nations Secretariat shall be discussed by the Donor and the United Nations Secretariat on bilateral basis.

A Contribution of 2,772,277 USD is made under the Memorandum. In addition to the Contribution amount, the Donor is paying a coordination levy amount of USD 27,723. This coordination levy amount will be transferred to UNDP at the bank account indicated in the Memorandum immediately after its signature.