

**AGREEMENT BETWEEN THE GOVERNMENT
OF THE RUSSIAN FEDERATION AND THE UNITED NATIONS
DEVELOPMENT PROGRAMME
FOR THE ESTABLISHMENT OF THE RUSSIAN FEDERATION –
UNITED NATIONS DEVELOPMENT PROGRAMME TRUST FUND FOR
DEVELOPMENT**

The Government of the Russian Federation (hereinafter referred to as the “Donor”) and the United Nations Development Programme (hereinafter referred to as the “UNDP”) (hereinafter jointly referred to as the “Parties”);

Considering the importance of a broad partnership of all development actors to achieve the Millennium Development Goals (hereinafter referred to as “MDGs”) and to formulate and implement the Post-2015 Development Agenda;

Considering the critical role of multilateral cooperation and the United Nations development system in this context;

Considering the role UNDP has to play in supporting governments in their efforts to achieve MDGs, and to formulate the Post-2015 Development Agenda and in coordinating the operational activities of the United Nations development system;

Considering the importance the Russian Federation attaches to international development cooperation, in particular with countries of the Commonwealth of Independent States (CIS) and developing countries in other regions;

Considering that the Government of the Russian Federation and UNDP, through the Partnership Framework Agreement signed on January 23rd, 2015, have agreed to strengthen mutual cooperation in reducing poverty and achieving sustainable development in the CIS and developing countries in other regions by sharing Russian Federation's economic and social development experiences;

Whereas, as stipulated in the Partnership Framework Agreement, the Government of the Russian Federation and UNDP have decided to further strengthen their cooperation and partnership through the establishment of the Russian Federation – United Nations Development Programme Trust Fund for Development (hereinafter referred to as the “Fund”) for programmatic, fund-based cooperation, in accordance with applicable UNDP regulations and rules, and policies and procedures as set forth in UNDP's Programme and Operations Policies and Procedures (“POPP”), as well as the present Agreement.

Now the Parties wish to conclude the present Agreement for the purpose of setting the Rules of operation of the Trust Fund, including the structure of the Steering Committee of the Trust Fund and the responsibilities and representation of the Parties in it.

Therefore, the Parties have reached the following Agreement:

Article 1
Purpose

The Parties have agreed that the UNDP Administrator shall establish the Fund and the Donor shall provide financial resources with a view of supporting development cooperation activities in developing countries around the world, with particular focus on the CIS region, and with specific emphasis on assistance to Low-Income and Lower-Middle-Income Countries in priority areas such as sustainable development, poverty reduction, rural development, sustainable management of water resources, the response to HIV/AIDS, disaster risk reduction and early preparedness to emergencies, post-disaster response and early recovery, sustainable energy and in other fields of cooperation outlined in the Partnership Framework Agreement.

Article 2
Contribution

1. The Fund shall be financed from contributions by the Donor on an annual basis with the initial pledged amount of 25 million United States dollars for the period of four years in accordance with the following schedule of payments:

- On or before November 30th, 2015 – 2 million United States dollars;
- On or before June 30th, 2016 – 2.5 million United States dollars;
- On or before November 30th, 2016 – 2.5 million United States dollars;
- On or before June 30th, 2017 – 3 million United States dollars;
- On or before November 30th, 2017 – 3 million United States dollars;
- On or before June 30th, 2018 – 4 million United States dollars;
- On or before November 30th, 2018 – 4 million United States dollars;
- On or before June 30th, 2019 – 4 million United States dollars.

The additional contributions could be agreed by the Parties for the period beyond June 30th, 2019 depending on results of the Trust Fund operations.

2. The Donor shall inform UNDP of the amount of its annual contribution prior to the start of each new fiscal year.

3. Financial resources contributed to the Fund shall be managed by UNDP in accordance with its Financial Regulations and Rules, policies and procedures. Projects shall be funded according to the contributions pledged and disbursed.

4. Any interest income derived from contributions to the Fund shall be credited to

the Fund in accordance with the applicable UNDP Financial Regulations and Rules, policies and procedures.

5. In case of devaluation, due to exchange rate fluctuations, of the resources allocated to the projects funded from the Trust Fund, UNDP and the Donor shall undertake bi-lateral consultations with a view to identifying a solution, and may adjust activities of the respective projects accordingly.

6. The Donor shall deposit the contribution through the Ministry of Finance of the Russian Federation by wire transfer, in United States dollars, to the following account on the basis of the legislation of the Russian Federation in accordance with the schedule of payments set out in point 1 of this Article and upon submission of the payment request by UNDP:

Bank Name	JP Morgan Chase: 4 NEW YORK Plaza Floor 15 New York, NY, 10004
Account Name	UNDP Contributions Account
Account Number	015002284
SWIFT	CHASUS33
ABA Number	021000021

The Donor shall inform UNDP when a contribution is paid via an e-mail message with remittance information to contributions@undp.org.

6. All financial accounts and statements shall be expressed in United States dollars.

Article 3

Management and Administration of the Fund

1. The UNDP shall manage the Fund in accordance with UNDP regulations, rules, policies and procedures, and the present Agreement.

2. Overall leadership of the Fund shall be provided by the Steering Committee. The Steering Committee sets the strategic direction of the Fund, decides, by consensus, on individual financial allocations, including on financing specific projects, monitors strategic allocations and delivery amongst priorities and countries, reviews the results of allocations and tracks Fund-wide progress. The Steering Committee is comprised of the equal number of the representatives of the Russian Federation (the Ministry of Finance of the Russian Federation, the Ministry of Foreign Affairs of the Russian Federation, the Ministry of Economic Development of the Russian Federation) and of UNDP (Regional Bureau for Europe and the CIS, Bureau for External Relations and Advocacy, Bureau for Policy and Programme Support), and the decisions are reached by consensus. Representatives of other

concerned federal ministries and agencies of the Russian Federation, as well as UNDP units, may participate in the work of the Steering Committee as required.

3. The Parties shall establish detailed guidelines (rules of procedure) for the Steering Committee and administration of the Fund as they deem appropriate, subject to the provisions of this Agreement and the Annex.

4. The preparation, appraisal and supervision of the programmes and projects under this Fund shall be the sole responsibility of UNDP, and shall be carried out by UNDP in accordance with UNDP's regulations, rules, policies and procedures, the present Agreement, as well as Eligibility and Approval Guidelines set out in Annex to this Agreement, which is the integral part of this Agreement.

5. As appropriate and consistent with UNDP's Financial Regulations and Rules, policies and procedures, the Parties shall encourage close consultation and information-sharing related to all activities financed or to be financed from the Fund between them at both country-level and headquarters.

6. Within UNDP, the overall accountability for managing the Trust Fund lies with the Director of the UNDP Regional Bureau for Europe and the CIS, who will delegate to a Trust Fund Manager the responsibility for supporting the functions of the Steering Committee, as well as day-to-day management, monitoring and evaluation of the Fund's activities, and operating under UNDP rules, regulations, policies and procedures. The Trust Fund's Manager's position and the respective operational budget are funded from the resources of the Fund.

Article 4

Administrative and Support Services

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in UNDP's Policy on Cost Recovery from Other Resources, the contributions shall be subject to cost recovery fee equal to 8% for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support services. Furthermore, as long as they are unequivocally linked to the specific programmes/projects, all direct costs of implementation, including the costs of executing entity/implementing partner, shall be identified in the programmes/projects budget against a relevant budget line and borne by the programmes/projects accordingly. All other direct administrative costs, such as those directly incurred by the functions and activities of the Steering Committee and the Trust Fund's Manager as stipulated in its Rules of operation, shall be charged to the Fund.

2. The aggregate of the amounts budgeted for the programmes/projects, together

with the estimated costs of reimbursement of related support services, shall not exceed the total resources available under this Agreement.

Article 5 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 to the recipient Government or other project beneficiaries shall be determined in accordance with the relevant policies and procedures of UNDP.

Article 6 Audit

All contributions shall be subject exclusively to the internal and external auditing procedures provided for in the Financial Regulations and Rules, policies and procedures of UNDP. Should the audit contain observations relevant to the activities of the Fund, such information shall be made available to the Donor.

Article 7 Reporting

1. Programme/project management and expenditures shall be governed by the Financial Regulations and Rules, policies and procedures of UNDP and, where applicable, the regulations, rules and procedures of the executing entity/implementing partner.
2. The Administrator of UNDP shall report to the UNDP Executive Board on the activities of the Fund.
3. UNDP shall provide the Steering Committee members with the following reports, prepared in accordance with UNDP accounting and reporting procedures:
 - A consolidated annual narrative and financial report on the Fund and all projects and development activities financed from the Fund as of 31 December every year to be submitted no later than 30 June of the following year.
 - An annual certified financial statement on the Fund as of 31 December every year to be submitted no later than 30 June of the following year.

Article 8
Monitoring and Evaluation

1. Monitoring and evaluation of the programmes/projects under the Fund shall be undertaken in accordance with UNDP's Regulations, Rules, policies and procedures.
2. The Steering Committee may commission, as needed, the undertaking of additional monitoring and evaluation, in accordance with UNDP's Regulations, Rules, policies and procedures.

Article 9
Visibility

UNDP shall take all appropriate measures to publicise the fact that programmes/projects have received funding from the Fund financed by the Russian Federation, provided that such actions do not jeopardise the United Nations privileges and immunities provided under the 1946 Convention on the Privileges and Immunities of the United Nations and the safety and security of United Nations staff.

Article 10
Addresses/communication

Unless otherwise specified in writing to the other Party, correspondence relating to the implementation of this Agreement shall be addressed to the following:

- a) For the Donor:
 - Department for International Financial Relations, Ministry of Finance of the Russian Federation
109097, Russia, Moscow, Ilyinka Str., 9
tel. +7 (495) 913-43-38
fax +7 (495) 913-47-51
email abokarev@minfin.ru
 - Department of International Organizations, Ministry of Foreign Affairs of the Russian Federation
119200, Russia, Moscow, Smolenskaya-Sennaya 32/34
tel. +7 (499) 244-42-11
fax +7 (499) 244-24-01

email dmo_smr@mid.ru

- Department for Europe, North America and International Organizations, Ministry of Economic Development of the Russian Federation

115324, Russia, Moscow, Ovchinnikovskaya Nab., 18/1

tel. +7 (495) 651-76-23

fax +7 (495) 651-76-18

email zverevata@economy.gov.ru

b) For UNDP:

Regional Bureau for Europe and the CIS

Key Plaza, Abide-i Hürriyet Cad. Istiklal Sk. No:11

Şişli 34381, Istanbul -Turkey (Floor 13)

Email olivier.adam@undp.org

Tel: +90 850 2882 309

Article 11

Other Matters

1. UNDP shall notify the Donor when all activities of programmes and projects relating to the purpose for which the Fund was established have been completed.
2. Notwithstanding the completion of the programmes and projects financed from the Fund, any unutilized balances shall continue to be held in the Fund account until all commitments and liabilities incurred in execution/implementation of the programmes and projects have been satisfied and project activities have been brought to an orderly conclusion.
3. The Fund shall terminate upon completion of all programmes and projects identified pursuant to this Agreement and after satisfaction of all commitments and liabilities arising there from. Any balance then remaining shall be disposed of by the UNDP in consultation with the Donor.
4. This Agreement does not undermine the privileges and immunities of the Russian Federation, its organs and officials. 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.
5. The Russian Federation does not bare any responsibility with regard to third parties in connection with realization of the present Agreement.

Article 12
Settlement of Disputes

Any dispute arising from or in connection with this Agreement, including the interpretation or application of any provision contained herein, shall be resolved through consultations between the Parties.

Article 13
Amendment

This Agreement may be modified only by written consent between both Parties.

Article 14
Entry into Force and Termination

1. This Agreement shall enter into force upon signature by both Parties.
2. Either Party may terminate the Agreement by giving the other Party six (6) months' notice in writing. Notwithstanding the termination of the present Agreement, all its provisions shall remain in effect with regard to all programmes and projects initiated while this Agreement was in force unless otherwise agreed by the Parties.

In witness whereof, the duly authorized representatives of the Parties affix their signatures below to this Agreement.

Done at Moscow, on the 11th of June 2015 in duplicate, each in the Russian and English languages, both texts equally authentic.

For the Government
of the Russian Federation



For the United Nations
Development Programme



ANNEX
to the Agreement between the
Government of the Russian
Federation and the United Nations
Development Programme for the
establishment of the Russian
Federation – United Nations
Development Programme Trust
Fund for Development

Eligibility and Approval Guidelines

A. Purpose and scope of the Fund

The Fund has been established to support development cooperation activities in developing countries around the world, with particular focus on the CIS region, and with specific emphasis on assistance to Low-Income and Lower-Middle-Income Countries in priority areas such as sustainable development, poverty reduction, rural development, sustainable management of water resources, the response to HIV/AIDS, disaster risk reduction and early preparedness to emergencies, post-disaster response and early recovery, sustainable energy and in other fields through fund-based, programmatic cooperation.

The Fund shall focus on the CIS countries, with possibility of including other countries which are in need of greater assistance to reach the MDGs and other internationally agreed development goals, including the post-2015 development framework.

Projects aimed at promoting the integration processes within the Eurasian Economic Union, the CIS, Shanghai Cooperation Organization, and other regional groupings and associations with the participation of the Russian Federation, shall be treated as a priority.

The Fund shall also finance UNDP projects, developed in partnership with and using the knowledge, experience and expertise of Russian ministries, agencies, think tanks, universities and NGOs involved in international development assistance, including projects aimed at knowledge management and capacity building, such as organization of trainings, internships and secondments of Russian specialists in specific projects funded by the Fund in the recipient countries.

B. Fund's operational principles

1. The Fund shall give priority to country-specific development projects and

regional programmes covering several countries, in the thematic areas outlined above, primarily in the CIS countries. Priority shall be given to the countries the Russian Federation has the development cooperation presence in.

2. In its work the Fund shall follow the following broad operational principles:

- In line with the Paris Declaration on Aid Effectiveness, the Fund seeks to support programmes anchored in national priorities.
- The Fund seeks to ensure the sustainability of its investments.
- The Fund seeks to apply the highest standards in quality of programme formulation, monitoring and evaluation within a management framework oriented towards results and accountability.
- The Fund seeks to minimize the transaction costs associated with administering the Fund.

C. Project-Specific Eligibility Requirements

1. In selecting projects for funding priority shall be given to projects that enable sharing of knowledge and expertise as well as synergies with projects implemented by the Russian Federation in recipient countries on a bilateral basis, including investment projects and programs.

2. A small portion of the annual Fund's budget (up to 10%) can be allocated by the Steering Committee to knowledge management and capacity building projects with Russian ministries and agencies involved in international development assistance, organization of internships and secondments of Russian specialists in specific projects funded by the Fund in the recipient countries and to the preparation of analytical and information products, reflecting the interests of the Russian Federation under the global and the regional development agenda.

3. To be eligible, all projects and programmes in recipient countries have to be part of the United Nations Development Assistance Framework and the UNDP Country Programme in the respective country.

4. Through the Steering Committee of the Fund, the Russian Federation and UNDP may review and adjust these project-specific eligibility requirements, giving due consideration to the financial contributions to the Fund and experiences gained over time.

D. Call for Proposals and Approval Process

1. To apply for financing from the Fund, UNDP Country Offices are required to prepare brief, concise concept notes following a standard format which contains information as to be established by the Steering Committee. Concept notes may be

prepared and submitted in accordance with the process outlined in the call for proposals.

2. In preparing such concept notes, UNDP Country Offices are encouraged to consult with the local embassy of the Russian Federation.

3. UNDP Country Offices, in accordance with the call for proposals shall be requested to submit their respective concept notes to the Trust Fund Manager.

4. Supported by the Trust Fund Manager, the respective proposals shall be reviewed within UNDP by a sub-committee and comprised by the technical experts and the respective Regional Bureaus. The Sub-Committee shall support the appraisal and prioritization of the concept notes within UNDP before they are presented to the Steering Committee.

5. Following the review by the sub-committee, the Trust Fund Manager shall present the concept notes for approval by the Steering Committee members prior to requesting Country Offices to develop full project documents for consideration by the Steering Committee.

6. The Regional Bureau for Europe and the CIS upon a request of interested Russian ministries and in collaboration with universities and think tanks may submit project concepts for regional initiatives and on knowledge management and capacity building projects, including trainings and internships and secondments of Russian specialists.

7. The Steering Committee at its quarterly meeting shall review, prioritize and make all funding decisions based on the full project documents received. In urgent cases the Steering Committee can make funding decisions between quarterly meetings via communications in writing.

8. The Trust Fund manager shall transmit decisions of the Steering Committee to the respective Regional Bureaus and Country Offices, as well as inform the Bureau for External Relations and Advocacy.

9. As stipulated in the Agreement, further to the funding allocation made by the Steering Committee, the preparation of the formal project documents, their appraisal and supervision of the programmes and projects under this Fund shall be the sole responsibility of UNDP, and shall be carried out by UNDP in accordance with its regulations and rules, policies and procedures, while the Donor shall be kept fully informed on the results of the project activities and, through the Steering Committee, shall engage in the monitoring and evaluation of the Fund's results at the outcome level.