

**DONOR AGREEMENT
BETWEEN
THE ITALIAN MINISTRY FOR THE ENVIRONMENT LAND AND SEA (IMELS)
AND
UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)**

WHEREAS the Ministry of Environment, Land and Sea of the Republic of Italy (hereinafter referred to as the "Donor") has decided to make a contribution of two millions one hundred and sixty nine thousand and sixty six Euros and ten cents (EUR 2,169,066.10) over the life of the project, (hereinafter referred to as the "Contribution") to the United Nations Environment Programme (hereinafter referred to as "UNEP"), a subsidiary organ of the United Nations. ,

WHEREAS UNEP is prepared to receive and administer the contribution for the execution of the Programme entitled "Mediterranean Investment Facility (MIF)": and expand the activities of the Programme until 30th September 2019, through the development of new activities to support the scale up of clean energy technologies in the Mediterranean region (Annex 1).

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

Article I. The Contribution

1. The Donor shall, in accordance with the schedule of payments set out below, contribute to UNEP the amount of 2.169.066,08 Euros covering the covering the **planned period from upon counter-signature of the Donor Agreement through 30th September 2019 (the Support Period).**

The Contribution shall be deposited in the following account:

Account Name: UNEP EURO Account
Account Number: 6161603755
IBAN: DE56501108006161603755
Bank name: J.P. Morgan AG
Bank Address: PO Box 60284
Junghofstrasse 14
60311 Frankfurt/Main
Germany

Wire transfers: Bank Code number = 501 108 00, SWIFT number = CHASDEFX.

Disbursement:

The contribution of 2.169.066,08 Euros will be paid in three instalments.

The first instalment of 30% of the total amount will be made against a written request by UNEP to the Donor, upon the entry into force of this agreement. The 13% of the programme support costs are included.

The second instalment of 40% of the total amount will be made in February 2018 after receipt of a

Parties' initials: IMELS - UNEP

written request by UNEP to the Donor and a progress report and a certified financial report from UNEP on the use of the previous payment. The 13% of the programme support costs are included.

A third instalment of 30% of the total amount will be made in April 2019 after receipt of a written request by UNEP to the Donor and a progress report and a certified financial report from UNEP on the use of the previous payment. The 13% of the programme support costs are included.

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 UNEP 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, UNEP shall inform the Donor with a view to determining whether any further financing could be provided by the Donor.
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.
4. UNEP shall receive and administer the payment in accordance with the regulations, rules and directives of UNEP.
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 UNEP shall be dependent on receipt by UNEP of the contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNEP 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 endeavors to obtain 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 activities to be implemented under this agreement may be reduced or suspended by UNEP accordingly.
4. Any interest income attributable to the contribution shall be credited to UNEP Account and shall be utilized in accordance with established UNEP procedures.

Article III. Activities to be implemented

The Activities to be implemented with the funds from the Donor and UNEP's contribution is as per the attached Project Document in Annex 1.

Article IV. Administration and reporting

1. Management of the contribution and expenditures shall be governed by the regulations, rules and directives of UNEP.
2. UNEP shall provide to the Donor the following reports prepared in accordance with UNEP accounting and reporting procedures.
 - (a) Every year, the status of progress, including the substantive and financial reports, for the duration of the Agreement.
 - (b) Within six months after the date of completion or termination of the Agreement, a final report summarizing activities and impact of activities as well as financial data.
3. In addition, the parties may agree that, UNEP may provide more frequent reporting at the expense of the Donor. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

Article V. Administrative and support services

1. In accordance with the decisions and directives of UNEP's Governing Council, the Contribution shall be charged 13% for the programme support cost incurred by UNEP in administering the contribution;

Article VI. Equipment

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNEP.

Article VII. Auditing

The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations and rules. Should an Audit Report of the Board of Auditors of UNEP contain observations relevant to the contributions, such information shall be made available to the Donor.

Article VIII. Advertisement of the Contribution

1. The Donor shall not use the UNEP name or emblem, or any abbreviation thereof, in connection with its business or otherwise without the express prior written approval of UNEP in each case. In no event will authorization be granted for commercial purposes, or for use in any manner that suggests an endorsement by UNEP of IMELS, its products or services.
2. The Donor acknowledges that it is familiar with UNEP's ideals and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNEP.

3. UNEP will report on the contribution to its Governing Bodies in accordance with its regular procedures regarding contributions. Other forms of recognition and acknowledgement of the contribution are subject to consultations between the Parties, but the manner of such recognition and acknowledgement shall always be consistent with the United Nations Rules and Regulations to that effect.

Article IX. Completion of the Agreement

1. UNEP shall notify the Donor when all activities supported by the donor under this agreement have been completed.
2. Notwithstanding the completion of the activities, UNEP shall continue to hold unutilized payments until all commitments and liabilities incurred have been satisfied.
3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNEP shall notify the Donor and consult with the Donor on the manner in which such commitments and liabilities may be satisfied.
4. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNEP in consultation with the Donor.

Article X. Termination of the Agreement

1. This Agreement may be terminated by UNEP or by the Donor. 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.
2. Notwithstanding termination of all or part of this Agreement, UNEP shall continue to hold unutilized payments until all commitments and liabilities incurred under this agreement up to the date of termination have been satisfied.
3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNEP in consultation with the Donor.

Article XI. Amendment of the Agreement

The Agreement may be amended through an exchange of letters between the Donor and UNEP. The letters exchanged to this effect shall become an integral part of the Agreement.

Article XII. Settlement of Disputes

1. The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Agreement or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place

in accordance with UNCITRAL Conciliation Rules then obtaining, or according to such procedures as may be agreed between the parties.

2. Any dispute, controversy or claim between the Parties arising out of or relating to this Agreement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within (60) sixty days after receipt by one Party of the other Party's request for the amicable settlement, shall be referred by either party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award punitive damages. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

Article XIII. Privileges and Immunities

Nothing in this Agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNEP.

Article XIV. Entry Into Force

This Agreement shall enter into force upon signature by the Parties, being effective from the date of the latest signature; and shall remain effective until 31th December 2019 unless terminated earlier pursuant to Article X above.

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

For the Donor:


.....


Francesco Ia Camera
Director General
Ministry for the Environment Land
and Sea of the Republic of Italy

Date: 07 LUG. 2016

For the United Nations Environment Programme:


.....
for Mr. Ibrahim Thiaw
Acting Executive Director

Date: 11/7/16

Annex 1: Activities Description

Annex 1- Activities Description

1. Background

The Mediterranean Investment Facility (MIF) is a joint initiative under UNEP and the Italian Ministry for Environment Land and Sea (IMELS) which aims at developing an effective, sustainable renewable energy market system in the greater Mediterranean region. The main objective of MIF is to put in place financial mechanisms to support renewable energy and energy-efficiency systems, such as SWH systems, solar PV systems and compact fluorescent lamps. It also aims to ensure the sustainability of the market by strengthening the capacity of local stakeholders.

The MIF falls under the UNEP Programme of Work 2014-2017, Subprogramme 1 (Climate Change), Expected Accomplishment (b), Output 4, Project 4.1 "Creating enabling conditions for renewable energy and energy efficiency investments".

The Financial support ensures the expansion of the MIF by developing new activities that aims at scaling up clean energy technologies in the Mediterranean region

2. Objective of the activities

The purpose of the activities is to scale up clean energy technologies in a country to be identified in the Mediterranean region through the following four subsets of activities:

- i) **Technology need assessment-** Undertake a desk study and a stakeholders consultation to identify relevant clean technology to be supported by the project
- ii) **Education and training –** Deliver training and capacity building for government officials, financing institutions as well as for technology suppliers and installers;
- iii) **Financing mechanism design and Implementation-** Prepare an action plan for identifying new partners and funders. Design specific modalities to execute and define the application processes for the financing mechanism to support the use of the technology identified.
- iv) **Policy Advice –** Based on the technology need assessment, identify topics and issues for working papers and conduct associate workshops with the aim of developing enabling policy measures to expand the use of the identified technology

3. Activities

3.1 Scoping study:

Undertake a desk study and stakeholders consultation to identify the best country for the activities implementation and relevant clean technology to be supported by the project. The desk study will analyze:

- Energy situation and opportunities for RE/EE
- Potential to embed implementation in country strategies

Deliverables	Delivery date
Briefing note summarising the main findings of the study and selection of the country to be supported	30 th October 2016

3.2 Design the project concept and the implementation modalities of the Sustainable Energy Finance activities:

The design of the concept will aim at providing fully integrated solutions (from concept to sustainable implementation) based on an in-depth stakeholder consultation. The description of the suggested project implementation and financing arrangements will include:

- identification of the key stakeholders;
- proposed financial support mechanism, including identification of possible co-financing sources such as any ongoing or planned Government programs, other multi- or bilateral support, private sector financing etc;
- proposed capacity building measures; and
- proposed policy measures to create an enabling environment to promote the identified technology

Deliverables	Delivery date
Full concept	31 st December 2016

3.3 Manage the Implementation of the Sustainable Energy Finance activities

The activities will be implemented according the full concept within the MIF Framework.

Deliverables	Delivery date
Half yearly progress report	31 st July 2017
Half yearly progress report	31 st January 2018
Half yearly progress report	31 st July 2018
Half yearly progress report	31 st January 2019
Final report including lessons learned	30 th September 2019

3.4 Summary – Implementation period of the Donor Agreement

Start date	Date of last signature
End date	30 th September 2019

4. Budget in Euro

Budget Items	IMELS (In Euro)
Total project activities	1,716,500.57
Project Management Cost	203,026.95
Project Support Cost (13%)	249,538.58
Total Project Cost	2,169,066.10