

**COOPERATION AGREEMENT**

in respect of a

**BLACK SEA PROJECT PROMOTION FACILITY**

between the

**PERMANENT INTERNATIONAL SECRETARIAT OF THE ORGANIZATION OF  
THE BLACK SEA ECONOMIC COOPERATION**

and the

**BLACK SEA TRADE AND DEVELOPMENT BANK**

Dated: 11 July 2016

## **COOPERATION AGREEMENT**

Between (1) the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation and (2) Black Sea Trade and Development Bank (hereafter called the "**Parties**")

### **WHEREAS:**

The Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (hereinafter called "**BSEC PERMIS**"), in furthering of its aim of fostering economic cooperation among the BSEC Member States, is considering, together with the Government of the Russian Federation (hereinafter called the "**Russian Government**") as initial contributor, to create the Black Sea Project Promotion Facility (hereafter called the "**Facility**"), to be held, administered and accounted for in all respects toward any and all initial and future contributors to BSEC, in accordance with any of the latter's more specific arrangements with each of the former in order to strengthen its project-oriented dimension by identifying and implementing projects that would reinforce economic cooperation in the region.

Black Sea Trade and Development Bank (hereinafter called "**BSTDB**"), in accordance with the Agreement Establishing the Black Sea Trade and Development Bank and the terms of the present Agreement, intends to use the relevant portion of the financing provided under the Facility for the elaboration of investment proposals submitted to BSTDB.

NOW THEREFORE, the parties hereto agree as follows:

## ARTICLE I – Use of Facility

1. The Parties hereby agree that when the Facility is created, it shall support projects in areas such as:
  - renewable energy and energy efficiency,
  - environmentally friendly technologies,
  - development of small- and medium-sized enterprises (SMEs),
  - regional and municipal infrastructure,
  - promotion of export potential of BSEC Member States,
  - other initiatives with high development impact and contributing to the achievement of the sustainable development goals in the Black Sea region.
2. It is intended that the Facility will support the formulation of investment initiatives and related regional projects, fostering regional cooperation, knowledge sharing and pilot projects, prepared jointly with national (with a focus on local government, civil society and SMEs) and international partners, in compliance with the donor's priorities and the BSEC Economic Agenda, thus promoting the project implementation capacity of BSEC.
3. The Facility will also be utilized for, among other purposes, technical assistance aimed at completing the elaboration by the potential recipients of BSTDB financing of bankable project proposals already submitted to BSTDB, to meet the BSTDB's operational and policy requirements for the provision of such financing.
4. The funds of the Facility shall be used to cover reasonable expenses incurred in connection with the hiring of competent consultants and service providers for the technical assistance and the implementation of projects.

## ARTICLE II – Definitions

For the purposes of this Agreement, unless the context requires otherwise, the following terms shall have the following meanings:

**“Account”** means a special bank account to be opened by BSEC PERMIS for the purpose of holding any Contribution, which Account may be changed by BSEC PERMIS from time to time as necessary and appropriate pursuant to the latter's more specific arrangements with the provider(s) of the Contribution;

**“BSEC Member States”** means, at any time, such countries that are signatories of the Charter of the Organization of the Black Sea Economic Cooperation;

**“BSEC Related Bodies”** means, at any time, other institutions of the BSEC family, including the Parliamentary Assembly of BSEC, the BSEC Business Council, and the International Centre for Black Sea Studies;

**“Contribution”** means the amount provided by the Government of the Russian Federation to finance the activities of the Facility and includes any additional amounts that the Government or Governments of other BSEC Member States or other donor entities may provide to support the Facility;

**“Observers”** means, at any time, such countries, international organizations and other entities, which have been granted and maintain the status of Observer with BSEC or BSTDB;

**“Sectoral Dialogue Partners”** means, at any time, such countries, international organizations and institutions, which have been granted and maintain the status of Sectoral Dialogue Partners with BSEC; and

**“Steering Committee”** means the committee established within BSEC PERMIS in Istanbul in accordance with Section 5, Article V.

### **ARTICLE III - Funding**

1. The Russian Government intends to provide an initial Contribution in the amount of USD 1,000,000 (one million USD) to fund the activities of the Facility.
2. The Facility shall be open to contributions from other national and international donors from among BSEC Member States and potentially other countries and entities meeting relevant Know Your Customer requirements of both Parties hereto that may be interested in promoting cooperation in the wider Black Sea region.

### **ARTICLE IV – Eligible Uses**

Specific activities supported by the Facility may include:

1. Support for the promotion of BSEC objectives and the implementation of the BSEC Economic Agenda;
2. Preparation of pre-feasibility and feasibility studies;
3. Preparation, finalisation, or reformatting of business plans, or related documents, in which the beneficiary articulates business goals, operational objectives, and the means by which it intends to achieve those goals and objectives;
4. Preparation of financial accounts, including past financial performance and future financial projections, according to established international accounting standards. This may include the various forms of sensitivity analysis necessary for proper financial analysis;
5. Technical assistance related to the collection and presentation of data which will facilitate preparation of accounts and the undertaking of financial analysis and/or sensitivity analysis;
6. Legal, technical, environmental due diligence;
7. Financing of business studies in specific areas in BSEC Member States;
8. Supporting the creation of networks, partnerships or cooperation models, the dissemination of best practices among BSEC Member States and the implementation of pilot projects with a regional impact; and/or

9. Other activities fostering regional cooperation considered as within the scope and spirit of this Agreement.

## **ARTICLE V - Procedures for Use**

1. BSEC PERMIS, when it deems necessary and within its discretion, may request the utilisation of no more than half of the total amount of any and all Contributions made up to that point to the Facility for an eligible use hereunder in accordance with Articles I and/or IV herein.
2. BSTDB, when it deems necessary and within its discretion, may request the utilisation of no more than half of the total amount of any and all Contributions made up to that point to the Facility, for an eligible use hereunder in accordance with Articles I and/or IV herein.
3. It is understood that BSEC PERMIS intends to create a Steering Committee which shall have the authority to decide on submitted proposals and approve allocation of funds under the Facility, which shall comprise representatives of BSEC and each of the donors with Contributions of over and above EUR 500,000 (five hundred thousand Euros) to the Facility.
4. The Steering Committee shall make all reasonable efforts to create consensus and take its decisions unanimously. If consensus cannot be reached, majority voting will be used. It is understood that decision making shall be carried out by means of telecommunications, unless requested to the contrary on specific issues by majority of the Steering Committee members.
5. The composition of the Steering Committee, when convened to decide on the utilisation of the Facility by BSTDB shall include one representative of each of BSEC, BSTDB and the initial and potential future contributors to the Facility as per Section 3 above. This Steering Committee will consider and assess any request pursuant to Section 2 above for the utilisation of the Facility by BSTDB in order to confirm the eligibility of such proposed use hereunder, prior to any disbursements from the Account for payments requested by BSTDB, which payments are to be supported by the provision of reasonably customary invoicing documentation.
6. The Steering Committee, when convened to decide on the utilization of the Facility by BSEC and to the extent applicable to the proposed utilization, shall consult as appropriate with BSTDB prior to passing its final decision, given the latter's mandate and experience in developmental project oriented considerations.
7. It is expressly understood and agreed that BSTDB shall be applying its own procurement or other procedures, and in keeping with the preamble clauses of this Agreement shall select uses, suppliers of technology and facilities or consultants and service providers deemed appropriate by it for the implementation of the eligible uses as per Articles I and/or IV herein.
8. BSEC may select competent consultants worldwide from among professional individuals, firms, national and international institutions to provide required services including, but not limited to (i) suppliers of technology and facilities (ii) project sponsors or technical partners (iii) consultants (iv) seminar instructors and (v) others who are competent to assist in project formulation and preparation activities or any and all eligible uses.

9. BSEC may invite other interested parties, such as BSEC Related Bodies, Observers, Sectoral Dialogue Partners and other competent international organizations and entities, to participate in the elaboration of proposals.
10. At least 50% of the contribution of the Government of a BSEC Member State to the Facility shall be used to finance consultants and service providers from the said Member State.

#### **ARTICLE VI – Account Administration**

1. The Account and financial transactions of the Facility shall be administered by BSEC PERMIS in accordance with the terms and conditions of the Contribution and the decisions taken by the Steering Committee.
2. All funds in the Account shall, at all times, and in all respects, be held, committed, invested or otherwise disposed of entirely separately from BSEC PERMIS's other accounts.
3. BSTDB and BSEC PERMIS shall be under no obligation to reimburse or repay to the Government or to other donors of the Facility any funds disbursed by the Account. BSTDB shall be under no obligation to reimburse or repay to BSEC any funds disbursed pursuant to an eligible request by BSTDB under Article V hereunder.

#### **ARTICLE VII – Termination**

1. If at any time it appears to either Party that the purposes of this Agreement can no longer effectively or appropriately be carried out, such Party may, by ninety (90) days' written notice to the other Party, terminate this Agreement, provided that such termination notice by BSEC PERMIS is in accordance with its more specific arrangements with the initial and any other future providers of the Contribution, and such compliance is expressly represented and confirmed in such termination notice. In such event, the Agreement shall stand terminated at the end of the abovementioned notice period.
2. Upon termination of this Agreement, as provided in paragraph 1 above, unless the Parties otherwise agree, any remaining balance standing to the credit of the Account shall be returned to the Government and to other donors of the Facility, in proportion to their respective contributions.

Done at

on 11/07/ 2016, in triplicate, in the English language.

IN WITNESS WHEREOF, the Parties hereto, acting through their duly authorised representatives, have signed this Agreement.

**Execution Page**

**FOR THE PERMANENT  
INTERNATIONAL SECRETARIAT OF  
THE ORGANIZATION OF THE  
BLACK SEA ECONOMIC COOPERATION**



Amb. Michael B. CHRISTIDES

Secretary General

**FOR BLACK SEA TRADE AND  
DEVELOPMENT BANK**



**SERAFEIM TSOKAS  
SECRETARY GENERAL**

*Acting President*