

DONOR AGREEMENT

between the Government of the Russian Federation, the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation and the Black Sea Trade And Development Bank in respect of the Black Sea Project Promotion Facility

The Government of the Russian Federation (hereinafter referred to as the «Donor»), the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (hereinafter called as «BSEC PERMIS») and the Black Sea Trade and Development Bank (hereinafter called as «BSTDB») (hereinafter jointly referred to as the «Parties»);

Bearing in mind the Cooperation Agreement between the BSEC PERMIS and the BSTDB in respect of the Black Sea Project Promotion Facility (hereinafter called as «Facility») signed on July 11th, 2016 (hereinafter called as the «Cooperation Agreement»),

Considering the importance of fostering economic cooperation among the BSEC Member States;

Considering the principles and objectives of BSEC in attaining a sustained growth of national economies of BSEC Member States and the social wellbeing of their peoples as well as developing and diversifying bilateral and multilateral cooperation and economic collaboration in the Black Sea region;

Considering the purpose to accelerate development and promote cooperation among the shareholder countries of BSTDB by supporting regional trade and investment, providing financing for commercial transactions and projects in order to help its Member States to establish stronger economic linkages and contribute to the transition process of the Member States towards the economic prosperity of the peoples of the region;

Have agreed as follows:

Article 1

Purpose

The Parties conclude the present Agreement for the purpose of defining the relations between them in view of the Donor's contribution to the Black Sea Project Promotion Facility, as well as delineating the rules of operation of the Facility, including the structure of the Steering Committee of the Facility and the responsibilities and representation of the Parties in it.

Article 2

Contribution

1. The Facility shall be initially financed by the contribution from the Donor amounting to USD 1,000,000 (one million United States dollars) which shall be contributed by the Donor until December 31st, 2016.

The Facility may also benefit from the contributions of additional potential donors.

2. Additional contributions by the Donor could be agreed by the Parties and will be subject to a review of the Facility operations.

3. The contributions of the Donor shall be made in United States dollars.

4. Any interest income derived from contributions to the Facility shall be credited to the Facility and considered as part of the initial contribution.

5. 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, to be used exclusively for the purposes of the Facility, on the basis of the Donor's financial regulations upon submission of the payment request by BSEC PERMIS:

Name of the Bank:	Türkiye İş Bankası A.Ş.
Name of Branch Office:	İstinye Branch
Branch Code:	1103
Branch Address:	Emirgan Street No. 112, POB. 34460, İstinye, Sarıyer, İstanbul

SWIFT Code : ISBKTRISXXX
IBAN No.: TR78 0006 4000 0021 1030 4788 76
Owner of Account: Permanent International Secretariat of the
Organization of the Black Sea Economic
Cooperation (Black Sea Project Promotion
Facility Account)
(Karadeniz Ekonomik İşbirliği Örgütü
Uluslararası Daimi Sekreteryasi)
Account Number: 478876
Currency: USD

The Donor shall inform BSEC PERMIS when a contribution is paid via an e-mail message with remittance information to info@bsec-organization.org.

Upon the deposit of the contribution to the BSEC account, BSEC PERMIS shall officially inform accordingly the Donor and BSTDB.

Article 3 Management and Administration of the Facility

1. BSEC PERMIS, acting through the Manager of the Facility, shall administer the Facility in accordance with the provisions of the present Agreement, the Cooperation Agreement and the Operating Guidelines.

In administering the contribution of the Donor, BSEC PERMIS shall follow the provisions of this Agreement and the Cooperation Agreement, the Operating Guidelines, as well as the decisions taken by the Steering Committee of the Facility.

2. Overall leadership of the Facility shall be provided by the Steering Committee of the Facility which shall have the authority to decide on submitted proposals, approve allocation of funds under the Facility, review the results of allocations and track Facility-wide progress.

3. The Steering Committee of the Facility shall ensure an equitable distribution of the Donor's contribution amongst projects implemented or to be implemented for the benefit of BSEC and BSTDB as well as the allocation of at

least 50% of the Donor's contribution to finance consultants and service providers from the Donor's country.

4. The Steering Committee of the Facility shall comprise representatives of the Donor, potential future contributors and BSEC PERMIS. The Russian Federation shall be represented by the Ministry of Finance (or by the Ministry of Foreign Affairs as an alternate).

5. The composition of the Steering Committee of the Facility, when convened to decide on the utilization of the Facility by BSTDB shall include one representative of each of BSEC PERMIS, BSTDB and the contributors to the Facility.

6. The Steering Committee of the Facility shall take decisions by consensus.

7. The Steering Committee of the Facility shall hold annual meetings at the BSEC Headquarters to review and approve the financial statements for the previous fiscal year of the Facility, its operating results as well as new project proposals.

8. The Steering Committee of the Facility shall adopt the Operating Guidelines of the Facility by the end of 2016 by correspondence or at its first meeting and approve all supportive documents deemed necessary for its functioning, subject to the provisions of this Agreement and the Cooperation Agreement.

9. The preparation, appraisal and supervision of the projects managed through BSEC PERMIS shall be the sole responsibility of BSEC PERMIS, and shall be carried out by BSEC PERMIS in accordance with the BSEC PERMIS internal rules, policies and procedures, the present Agreement, as well as the Cooperation Agreement, under the guidance of the Steering Committee of the Facility.

10. The preparation, appraisal and supervision of the eligible uses of the Facility by BSTDB shall be the sole responsibility of BSTDB, and shall be

carried out by BSTDB in accordance with its internal rules, policies and procedures, the present Agreement, as well as the Cooperation Agreement and pursuant to the relevant approvals of the Steering Committee of the Facility issued in accordance with the Operational Guidelines.

11. As appropriate the Parties shall encourage close consultation and information sharing related to all activities financed or to be financed within the framework of the Facility.

Article 4 Management costs

1. The Steering Committee of the Facility shall define the administrative expenses necessary for the functioning of the Facility.

2. The Steering Committee of the Facility shall decide on the salary and other emoluments of the Manager of the Facility.

3. The aggregate of the amounts budgeted for the projects, together with the estimated management fees, shall not exceed the total resources available.

Article 5 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 BSEC.

Article 6 Reporting

1. The Manager of the Facility shall report to the Steering Committee of

the Facility on the activities of the Facility.

2. The Manager shall provide the Steering Committee of the Facility with the following reports, prepared in accordance with the BSEC accounting and reporting procedures, as well as with any other information on the operation of the Facility requested by the Steering Committee of the Facility:

- A consolidated annual narrative and financial report on the Facility and all projects financed or to be financed within the framework of the Facility as of 31 December every year to be submitted during the Steering Committee's annual meeting of the following year, including data on the allocation of the Donors' contribution amongst BSEC and BSTDB projects and consultants from the Donor.

- An annual audited financial statement on the Facility as of 31 December every year to be submitted during the Steering Committee's annual meeting of the following year.

3. All financial reports and statements shall be expressed in United States dollars.

Article 7 **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

e-mail: abokarev@minfin.ru

(b) For BSEC PERMIS:

Office of the First Deputy Secretary General,
Sakip Sabanci Cad.
Musir Fuad Pasa Yalisi; Eski Tersane, 34467
Emirgan – Istanbul – Turkey
Tel.: +90 212 229 63 30 – 35
Fax: +90 212 229 63 36
E-mail: info@bsec-organization.org

(c) For BSTDB:

Office of the Secretary General
Black Sea Trade & Development Bank
1, Komninon street
GR-546 24 Thessaloniki, Greece
Tel.: +30 2310 290400
Fax: +30 2310 221796
e-mail: info@bstdb.org

**Article 8
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 9
Amendment**

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

**Article 10
Entry into Force and Termination**

1. This Agreement shall enter into force upon signature by all Parties.

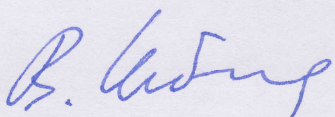
2. The Agreement shall remain in force within 3 years after effective date and may be extended upon the decision of the Parties.

3. Either Party may terminate the Agreement by giving the other Parties ninety (90) days' written notice. Notwithstanding the termination of the present Agreement, all its provisions shall remain in effect with regard to all projects initiated while this Agreement was in force unless otherwise agreed by the Parties. Any balance remaining after disbursing the funds from the Facility shall be returned to the Donor in proportion to its respective contribution.

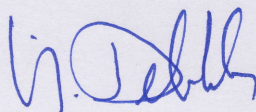
IN WITNESS WHEREOF, the duly authorized representatives of the Parties affix their signatures below to this Agreement.

Done at Thessaloniki, Greece, on the 18th of November, 2016, in three copies in the English language.

**For the Government of
the Russian Federation**



**For the Black Sea
Trade and
Development Bank**



**For the Permanent
International
Secretariat of the
Organization of the
Black Sea Economic
Cooperation**

