



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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Slovenia becomes UNIDO donor

Vienna, 22 June 2005 –Ernest Petric, Ambassador and Permanent Representative of Slovenia to the United Nations Industrial Development Organization (UNIDO), and Carlos Magariños, Director-General of UNIDO signed today, at the organization's headquarters in Vienna, an agreement by which Slovenia becomes a donor country to UNIDO.

The new donor will be allocating funds for UNIDO supported projects in Albania, Bosnia and Herzegovina, Bulgaria, Former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro as a first priority, but also in the newly independent states that have emerged from the former USSR.

Among the areas in which the cooperation is foreseen are: capacity building and enterprise development, environment, research and high technology, clean and efficient energy related programmes, food safety and processing.

Under the agreement, Slovenia will be making special purpose contributions to the Industrial Development Fund. UNIDO will select, review and in consultation with the donor, approve the projects to be financed by the contributions in the countries and areas mentioned above.

The text of the agreement is available with the online version of this press release at: www.unido.org/press-releases.

Note for editors

The United Nations Industrial Development Organization (UNIDO) is a specialized agency of the United Nations that focuses its efforts on relieving poverty by fostering productivity growth. It helps developing countries and countries with economies in transition in their fight against marginalization in today's globalized world. UNIDO has 171 member states. For more information, please visit www.unido.org.

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AGREEMENT ON COOPERATION BETWEEN THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND THE GOVERNMENT OF THE REPUBLIC OF SLOVENIA AND AN ADMINISTRATIVE ARRANGEMENT WITH REGARD TO SPECIAL PURPOSE CONTRIBUTIONS TO THE INDUSTRIAL DEVELOPMENT FUND

IN ORDER TO establish a mutually agreed legal framework and a basis for their cooperation, and having in mind the basic purposes and objectives of promoting economic and industrial development assistance in developing countries and countries in transition, and the upgrading of economic and social roles of industry, by promoting the benefits of development in those countries, and

CONVINCED that by strengthening their mutual cooperation they can jointly enhance capacities to meet the above objectives, the United Nations Industrial Development Organization (hereinafter "UNIDO") and the Government of Slovenia (hereinafter "the Donor") have agreed to co-operate in the implementation of technical cooperation projects through the provision, by the Donor, of special purpose contributions to the Industrial Development Fund (hereinafter referred to as the "IDF");

WHEREAS pursuant to Article 17 of the Constitution of UNIDO, the Director- General of UNIDO shall administer special-purpose contributions to the IDF in accordance with the general policy guidelines governing the operations of the Fund that are established by the General Conference, or by the Industrial Development Board acting on behalf of the Conference, and in accordance with the financial regulations of the Organization;

WHEREAS UNIDO and the Donor have reached agreement on the priority criteria for project selection, which are listed in Annex I;

WHEREAS it has been agreed between UNIDO and the Donor that UNIDO shall be responsible, under the terms of this Agreement and the UNIDO financial regulations and rules, for the management of the funds contributed by the Donor,

NOW THEREFORE. UNIDO and the Donor hereby have entered into the following Administrative Arrangement:

Article I

1. The Donor shall place at the disposal of UNIDO special-purpose contributions to the IDF and shall deposit them in the UNIDO Euro Account Number 0029-05107/00, IBAN.AT791100000290510700, Bank Austria Creditanstalt AG, VIC Rotunda Branch, Wagramerstrasse 5, A-1400 Vienna.
2. UNIDO shall immediately in writing acknowledge receipt of the funds.
3. UNIDO shall establish a sub-account, in accordance with its financial regulations, rules and administrative issuances, for the receipt and administration of the aforesaid funds, including interest accruing (hereinafter referred to as "the Donor IDF sub-account"). Accordingly, personnel shall be engaged and administered;

equipment, supplies and services purchased; and contracts entered into in accordance with such regulations, rules and administrative issuances. Interest shall be credited to the sub-account for the Donor's special-purpose contributions in accordance with the financial regulations, rules and administrative issuances of UNIDO.

4. The contributions of the Donor will also be charged with an amount of 13 (thirteen) per cent of all expenditures, which percentage shall be a charge for programme support costs incurred by UNIDO in the implementation of the individual projects financed under the Donor's Special-Purpose Contribution to the IDF.
5. All financial accounts and statements shall be expressed in Euros and there shall be no accounting or reporting in other currencies. All transactions shall be recorded at the official United Nations rate of exchange applicable on the date of receipt and/or payment.

Article II

1. The selection, review and approval of projects to be financed by the Donor contributions will be done by UNIDO and, when appropriate, by the Donor, according to the priority criteria established by the Donor in Annex I and in accordance with the approved programme and the general policy guidelines governing the operations of the IDF established pursuant to Article 17 of UNIDO's Constitution.
2. UNIDO undertakes to provide to the Donor all the Project Documents approved by UNIDO under this Agreement. UNIDO shall implement the projects in accordance with the Project Documents and appropriate legal arrangements to be concluded between UNIDO and the recipient Government.
3. Upon approval of a project to be funded from the Donor sub-account, UNIDO shall establish a project account, in accordance with its financial regulations, rules and administrative issuances. The project account shall receive the required funds transferred from the Donor IDF sub-account.
4. The project account shall be utilized by UNIDO for the purposes of meeting the actual costs of the Project and to finance the programme support services provided by UNIDO in the implementation of the project.
5. The Donor undertakes to meet the actual costs of the services approved by UNIDO in accordance with this Arrangement and the Project Documents. UNIDO undertakes not to make any commitments for services not specified in the Project Documents without the approval, in writing, of the Donor.

Article III

1. UNIDO shall commence and continue to conduct operations under this Agreement upon approval of a project by UNIDO and when appropriate, by the Donor, and upon receipt of sufficient funds in the sub-account for the Donor's special purpose contributions to the IDF.

2. If UNIDO considers that changes between components and/or budget lines in a Project Document are necessary in order to meet the objectives of the project concerned, UNIDO may effect such changes provided the total amount of the project budget in the Project Document is not exceeded. In case additional services not foreseen in the Project Document are required, UNIDO may, if deemed necessary by the Donor, submit a revised budget for approval by the Donor showing the required changes in inputs and/or adjusted financing that would be necessary.

Article IV

Ownership of equipment, materials, supplies and all other property, financed from the funds contributed by the Donor for Projects approved under this Agreement shall vest in UNIDO. Unless otherwise provided in the Project Document, following operational completion of the Project, ownership of equipment, of materials and supplies, as well as of other property necessary for operation of the Project, shall be transferred to the recipient Organization or to an entity nominated by it.

Article V

Evaluation of the activities financed from this Agreement shall be undertaken in accordance with the provisions contained in project documents and in accordance with the procedures described in UNIDO's administrative issuances.

Article VI

The sub-account for the Donor's special purpose contributions and the projects accounts financed therefrom will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules and administrative issuances of UNIDO.

Article VII

UNIDO shall provide the Donor with the following statements and reports in the format normally followed by UNIDO for accounting and financial reporting for technical cooperation activities:

1. An annual financial statement on the overall status of the Donor's special-purpose contributions to the IDF, supported by delivery reports for each project financed from the sub-account;
2. An annual progress report on the implementation of the approved projects;
3. A final report including an assessment of the results achieved, upon operational completion of the projects;
4. A final financial report on the implementation of the completed projects, within six months of the end of the year in which the final disbursement was made on project accounts;

5. A final financial statement of the Donor account within six months of termination of this Agreement.

Article VIII

UNIDO shall notify the Donor when the purposes for which the contributions were provided have been realized and the approved projects have been operationally completed.

Article IX

Upon termination of the Agreement the funds shall continue to be held by UNIDO until all expenditures incurred by UNIDO under the Agreement have been satisfied. Upon submission of a final financial report on the implementation of the completed projects in accordance with Article VII(4), the balance in the project account shall be transferred to the Donor IDF sub-account.

Article X

1. This Agreement may be modified or amended by written agreement between the Parties.
2. All communications in writing required or permitted by this Agreement shall be addressed as follows:

(a) For the Donor:

Ministry of Economy
Directorate General for Foreign Economic Relations
Kotnikova 5
SI-1000 Ljubljana, Slovenia

(b) For UNIDO:

P.O. Box 300
Vienna International Centre
A-1400 Vienna, Austria

Article XI

Any relevant matter for which no provision is made in this Agreement and/or any dispute or controversy between the Parties arising out of application of this Agreement shall be settled, in keeping with the relevant resolutions and decisions of the Governing Bodies of UNIDO, by negotiations between the Parties or through conciliation. Each Party shall give full and sympathetic consideration to any proposal advanced by the other to settle amicably any matter for which no provision has been made or any controversy as to the interpretation or application of this Agreement.

Article XII

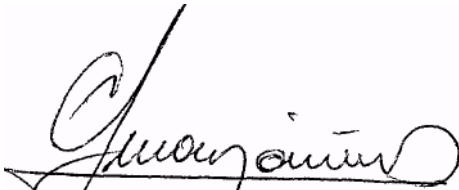
The Parties shall hold bilateral consultations on a bi-annual basis with the purpose of examining the progress of cooperation under this Agreement and the realization of mutually agreed objectives and exchange of information on any operational matters that may be appropriate.

Article

1. This Agreement shall be subject to ratification by the Government, and shall come into force upon receipt by UNIDO of notification from the Government of its ratification. Pending such ratification, it shall be given provisional effect by the Parties. It shall continue in force until terminated under paragraph 2 below.
2. The Agreement shall remain in effect unless terminated by either Party upon six months' prior written notice.
3. Upon termination of this Agreement, unless the Parties hereto agree otherwise:
 - (a) ongoing and approved projects shall not be affected by the termination and UNIDO shall be entitled to continue withdrawals from the Donor account as if this Agreement had not been terminated; and
 - (b) any final balance in the sub-account shall be disposed of by UNIDO in consultation with the Donor, and UNIDO's responsibilities pursuant hereto shall be considered terminated.

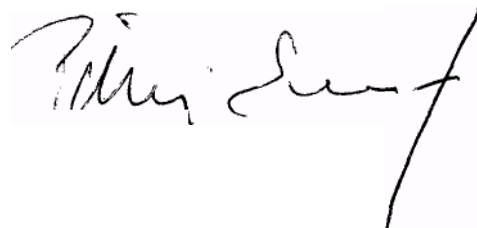
Done in Vienna, this twenty-second day of June 2005, in the original, in duplicate, in the English language

For the United Nations Industrial
Development Organization



Carlos Magarinos
Director-General

For the Government of the
Republic of Slovenia
Ernest Petric
Ambassador



ANNEX I

to the Agreement on Cooperation between the United Nations Industrial Development Organization (UNIDO) and the Government of Slovenia (Donor)

1. This Annex provides, by agreement between UNIDO and the Donor, a broad list of criteria for project selection from a geographical/regional point of view and from the point of view of preferred and viable subjects.
2. The criteria listed below are intended to assist UNIDO and the Donor in programming and resource allocation from the Donor's special-purpose contributions to the Industrial Development Fund, in line with the Donor's policies.

Therefore:

(a) From a geographical/regional aspect, the first priority for the Donor is the region of South-East Europe, specifically, the following countries and geographical areas: Albania, Bosnia and Herzegovina, Bulgaria, Former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro.

As a second priority, the Donor may consider programmes and projects related to the region covering the Newly Independent States that have emerged from the former USSR.

(b) The preferred subjects are as follows:

CAPACITY BUILDING AND ENTERPRISE DEVELOPMENT

Training programmes for technology transfer operations;

- Assistance to small and medium enterprises through direct technical support for technology upgrading and for introduction of new technologies, implementation of quality control systems, consumer monitoring
- Strengthening of competitiveness of enterprises through international and business information networking for small and medium enterprises (SMEs), technology networks and partnerships, capacity building for the acquisition and absorption of new technologies, technology training centres
- Entrepreneurship programmes for SMEs for
 - the promotion of new technologies
 - occupational health and safety systems
 - new processes in food processing
 - renewable energy
 - evaluation activities
 - stakeholder consultations
 - export consortia
- Socially responsible investment strategies
- Pilot programmes for Public Private Partnerships

ENVIRONMENT

- Cost effective means of reduction of environmental pollution
- Recycling of polymers
- Recycling of industrial goods, rubber products, electrical and electronic goods
- Energy efficient treatment of communal waste and sludge reduction
- Training programmes for the implementation of cleaner production methods, in-plant assessment
- New technologies for the protection of air, water and soil

- Persistent organic pollutants and Persistent toxic substances elimination
- Bio-mass technologies Noise abatement

RESEARCH AND HIGH TECHNOLOGY PROGRAMMES

- Technology parks
- Marketable research possibilities and projects in the field of cleaner production
- Research in the area of insulation, cooling and climate control
- Optic connector and feeder systems, passive electronic components
- Electrical ceramics

CLEAN AND EFFICIENT ENERGY RELATED PROGRAMMES

- Clean and alternative energy sources
- Promotion of small hydropower
- Energy efficiency technologies and measures in SMEs
- Energy efficient metal shaping techniques

INTEGRATED APPROACH TO FOOD SAFETY AND PROCESSING

- Analytical methods for safe food production and processing, development of specialty food products, safe application of food additives, development of natural food sources
- Technological upgrading of food processing
- Development of SMEs in the food processing and marketing sector

OTHER

- National quality and standardization systems
- Investment promotion
- Health-care technologies
- Biotech processes for industrial application
- Efficient wood-processing, productivity enhancement
- Factory rehabilitation programmes.

3. Any of the above stated criteria may be changed, specified or adapted by agreement between UNIDO and the Donor, or supplemented in accordance with the progress made in the application of the Agreement.