

ACUERDO BILATERAL

Clasificación: 125-2011

Fecha de Ingreso: 23 de febrero de 2012

Nombre del Acuerdo: Project Cooperation Agreement (PCA) for the Full Size Project "Sustainable Management of the Water Resources of the La Plata Basin with respect to the Effects of Climate Variability and Change"

Materia: Project Cooperation Agreement

Partes: SG/ The United Nations Environment Programme

Referencia: The United Nations Environment Programme

Fecha de Firma: 7 de septiembre de 2010

Fecha de Inicio

Fecha de Terminación

Lugar de Firma:

Unidad Encargada: Department of Sustainable Development

Persona Encargada:

Original

Claves

Cierres del proceso



UNITED NATIONS ENVIRONMENT PROGRAMME

Programme des Nations Unies pour l'environnement Programa de las Naciones Unidas para el Medio Ambiente
Программа Организации Объединенных Наций по окружающей среде برنامج الأمم المتحدة للبيئة
联合国环境规划署



Reference: GFL-2328-2730-4B46

Date: 23rd September, 2010

Dear Mr. Max Campos,

Subject: **Project Cooperation Agreement for the Full Size Project "Sustainable Management of the Water Resources of the La Plata Basin with respect to the Effects of Climate Variability and Change"**

I am pleased to forward herewith a signed copy of the above mentioned Project Cooperation Agreement.

In order to expedite action on our end, please always quote the project number GFL-2328-2730-4B46 in all your correspondence.

Thank you for your cooperation

Yours sincerely,

John Noisette
Chief, Corporate Services Section (CSS)
United Nations Environment Programme (UNEP)

Mr. Max Campos
Chief, Integrated Water Resources Management Section
Department of Sustainable Development
OAS
1889 F Street N.W
Washington, DC 20006

LA PLATA BASIN

PCA

Project Cooperation Agreement (PCA) for the Full Size Project " Sustainable Management of the Water Resources of the La Plata Basin with respect to the Effects of Climate Variability and Change"

This PROJECT COOPERATION AGREEMENT and its Annexes (this "Agreement") is made:

BETWEEN: The United Nations Environment Programme (hereinafter referred to as "UNEP" and represented by its Director, Division of Global Environment Facility Coordination), an international inter-governmental organization established by the General Assembly of the United Nations, and having its office at P.O. Box 30552, Nairobi 00100, Kenya.

AND: The General Secretariat of the Organization of American States (hereinafter referred to as "the Executing Agency" and "GS/OAS"), a public international organization represented by its Secretary General and having its office at 1889 F Street, NW, Washington, DC 20006, USA.

hereinafter collectively referred to as "the Parties".

WHEREAS, as a Global Environment Facility (GEF) Implementing Agency, and in accordance with the GEF Instrument, UNEP is accountable to the GEF Council for GEF-financed activities and to ensure that these are carried out in accordance with UNEP and GEF policies, criteria and procedures.

WHEREAS, GS/OAS affirms that it is a non-profit public international organization and non-partisan and that it has the capacities required to carry out the activities outlined in this Agreement, and that the activities under this Agreement shall be carried out without discrimination of any nature.

Purpose

1. The Agreement sets forth the terms and conditions of the cooperation between the Parties for the execution of the project "Sustainable Management of the Water Resources of the La Plata Basin with respect to the Effects of Climate Variability and Change" (hereinafter referred to as the "Project"), described in the project document appended as **Annex 1**. The Project was approved by the UNEP Programme Coordination Committee (PCC) on 16 March 2006 and endorsed by the Global Environment Facility (GEF) Chief Executive Officer (CEO) in the letter dated 25 June 2009 appended as **Annex 2**.
2. The main objective of the Project is to strengthen transboundary cooperation among the riparian country governments of Argentina, Bolivia, Brazil, Paraguay, and Uruguay¹ to ensure management of shared water resources of the La Plata Basin in an integrated sustainable manner, within the context of climate variability and change, while capitalizing on development opportunities.

Interpretation

¹ The riparian governments operate within the framework of the Intergovernmental Coordinating Committee for the LPB countries (CIC), as the agreed intergovernmental organization set forth for this purpose in the La Plata Basin Treaty.

3. All Annexes appended to this Agreement shall be construed as an integral part of this Agreement.
4. Definitions of terms used in this Agreement are provided in **Annex 3**.

Duration

5. This Agreement shall come into force upon signature by the Parties from the date of the latest signature, and shall remain in force until 30 September 2014 after the last obligation of the Parties lapse, unless terminated earlier pursuant to paragraphs 49 to 58 of this Agreement. However, project effectiveness shall be the date of receipt by the Executing Agency of the first installment of funds.

Cooperation

6. The Parties agree to cooperate with each other at all times and maintain close working relationships in order to achieve the objectives and outcomes of the Project.
7. The Parties shall carry out their respective responsibilities in accordance with the provisions of this Agreement.
8. The Parties shall determine and communicate to each other the persons appointed as having the authority and responsibility for the project execution on its behalf.
9. Contact details for correspondence on substantive and technical matters as well as on administrative and financial matters are as set out in **Annex 4**.
10. The Parties shall cooperate in any public relations or publicity exercises, when UNEP deems these appropriate or useful.

Cost of the project

11. The total cost of the Project is US\$ 61,764,087 (hereinafter referred to as the "Project Budget") of which US\$ 10,730,000 is GEF financing (hereinafter referred to as "GEF Funds") and the balance is co-financing as described below.

Cost to the GEF Trust Fund:	US\$ 10,730,000
In-kind contribution from the Executing Agency:	US\$ 225,000
Third party co-finance:	US\$ 50,809,087
Total cost of the project:	US\$ 61,764,087

12. For a detailed budget breakdown of GEF Funds and co-finance, refer to Appendix 2 of the project document appended as **Annex 1**.

Terms and obligations of UNEP

13. With regard to project implementation, UNEP shall:
 - a) Provide, in its role as GEF Implementing Agency, project oversight to ensure that GEF policies and criteria are adhered to and that the Project meets its objectives and achieves expected outcomes in an efficient and effective manner. Project supervision is entrusted to the Director, DGEF who discharges this responsibility through the assigned UNEP/DGEF Task Manager and Fund Management Officer (refer to **Annex 4**). Project supervision missions by the Task Manager and/or Fund Management Officer are stipulated in the project supervision plan appended as **Annex 5**;
 - b) Have a representative on the project steering committee;

- c) Perform the liaison function between UNEP and the GEF Secretariat;
 - d) Report on the progress against milestones outlined in the CEO approval letter, appended as **Annex 2**, to the GEF Secretariat, with a copy to the Executing Agency;
 - e) Inform the GEF Secretariat, with a copy to the Executing Agency, whenever there is a potentially substantive co-financing change (i.e. one affecting the project objectives, the underlying concept, scale, scope, strategic priority, conformity with GEF criteria, likelihood of project success, or outcome of the Project);
 - f) Rate, on an annual basis, progress in meeting project objectives, project implementation progress, risk, and quality of project monitoring and evaluation, and report to the GEF Secretariat, with a copy to the Executing Agency, through the Project Implementation Review (PIR) report;
 - g) Review and clear manuscripts prepared by the Executing Agency before publication, and review and agree any publishing contracts;
 - h) Undertake a mid-term management review or request the Evaluation and Oversight Unit (EOU) of UNEP to perform an independent mid-term evaluation;
 - i) Ensure that EOU arranges for an independent terminal evaluation and submits its report to the GEF Evaluation Office;
 - j) As deemed appropriate, facilitate access to information, advisory services, technical and professional support available to UNEP and assist the Executing Agency to access the advisory services of other United Nations Organizations, whenever necessary.
14. With regard to cash advances, UNEP shall:
- a) Provide all cash advances in US dollars up to the maximum amount of US\$ 10,730,000 by way of periodic cash advances or by direct payment made by UNEP on behalf of the Executing Agency in accordance with the Project Budget. The first installment of US\$ 535,000 shall be advanced to the Executing Agency within 2 weeks following signature of the present Agreement;
 - b) Advance the second and subsequent installments to the Executing Agency within 2 weeks after a financial report and other agreed-upon documentation, as referenced in paragraph 34 of this Agreement, has been received by UNEP showing satisfactory progress of activities and adequate management and use of GEF resources. Requests for subsequent cash advances shall be made using the formats appended as **Annex 7B**.
 - c) Make the final disbursement, amounting to 1% of the total GEF-approved budget, upon submission and acceptance of the final report, outputs, final audited expenditure statement, co-finance report and final inventory of non-expendable equipment together with signed transfer agreement (if applicable). UNEP reserves the right to withhold the final payment in case of the Executing Agency's non-compliance of the abovementioned reporting obligations.
15. With regard to procurement, UNEP's clearance is required for the procurement of additional items costing above US\$ 2,500 that are not included in the procurement plan. The same principle of clearance by UNEP shall apply to service contracts or agreements to be procured that are not in the procurement plan, or that have not been approved by the Project Steering Committee, and costing above US\$ 5,000. UNEP may refuse to accept such expenditures being charged to the Project Budget in case of the Executing Agency's non-compliance of the abovementioned clearance obligation. In order to obtain clearance for the procurement of such items, the Executing Agency shall request UNEP's clearance in writing, and UNEP shall respond to such request within 2 weeks from receipt of the request. UNEP's failure to respond to the Executing Agency within 2 weeks from acknowledgement of receipt of the Executing Agency's request for clearance shall be interpreted as UNEP's granting of such request.

Terms and obligations of the Executing Agency

16. With regard to project execution, the Executing Agency shall:
 - a) Undertake to be bound by the terms and obligations specified below, and accordingly ensure that the personnel performing project-related activities under the present Agreement comply with these obligations;
 - b) Not seek nor accept instructions regarding the activities under the present Agreement from any Government outside of the Project or other authority external to UNEP;
 - c) Refrain from any conduct that would adversely reflect on the United Nations and shall not engage in any activity which is incompatible with the aims and objectives of the United Nations or the mandate of UNEP;
 - d) Not use information that is considered confidential without the authorization of UNEP. In any event, such confidential information shall not be used for individual profit. The Executing Agency's focal point for this Project may communicate with the media regarding the methods and scientific procedures used by the Executing Agency. However, UNEP clearance is required for the use of UNEP's name in conjunction with project activities in accordance with paragraph 46 of this Agreement. This obligation shall not lapse upon termination of the present Agreement unless otherwise agreed between the Parties;
 - e) Adhere to the Project milestones, as set in the CEO approval letter appended as **Annex 2**. In the event that a milestone cannot be met, the Executing Agency shall inform UNEP one month before the date of the milestone to enable UNEP to comply with the terms of the CEO approval;
 - f) Inform UNEP whenever there is a potentially substantive co-financing change.
17. With regard to personnel administration, the Executing Agency shall be solely and completely responsible and accountable for all services performed by its personnel, agents, employees, or contractors (hereinafter referred to as "Personnel").
18. Personnel of the Executing Agency, its contractors or anyone else working for the Executing Agency in the execution of the Project or otherwise, are not employees of UNEP and are not covered by the privileges and immunities applying to UNEP and its staff pursuant to the Convention on the Privileges and Immunities of the United Nations. UNEP shall not accept any liability for claims arising out of the activities performed under the Agreement, or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by the Executing Agency's Personnel as a result of their work pertaining to the Project under this Agreement. Personnel contracted with Project Budget funds for the execution of Project activities shall be hired as GS/OAS temporary staff under GS/OAS internal laws, and shall be covered by the privileges and immunities and by the relevant benefits applicable to GS/OAS' temporary staff.
19. The Executing Agency shall ensure that its Personnel meet the highest standards of qualification and technical and professional competence necessary for the achievement of the objectives and results of the Project, and that decisions on employment related to the Project shall be free of discrimination of any nature. The Executing Agency shall ensure that all Personnel are free from any conflicts of interest relative to the Project activities.
20. In the recruitment of all senior project personnel, consultants and contractors, a selection panel consisting of representatives from GS/OAS and UNEP shall conduct the evaluation of the candidates, and based on the recommendations of the panel, GS/OAS shall issue contracts, the terms and conditions of which shall be cleared by the panel. The terms of reference for the respective senior personnel to be recruited

- are as set out in appendix of the Project document appended as **Annex 1** to this Agreement.
21. In the event that the Executing Agency assigns or seconds a government employee to the Project, the terms of reference and contractual conditions shall be disclosed to UNEP, including the amount and source(s) of remuneration and the time allocated to perform the duties assigned within the framework of the Project.
 22. With regard to procurement, the Executing Agency shall:
 - a) Ensure that procurement of goods and consulting services financed by GEF Funds shall be subject to rules and regulations of the GS/OAS but should meet internationally acceptable standards;
 - b) Ensure that, in its procedures for procurement of goods, services or other requirements with funds made available by GEF as provided for in the project document, it shall safeguard the principles of highest quality, economy and efficiency, and that the placing of such orders be based on an assessment of competitive quotations, bids, or proposals unless otherwise agreed to with UNEP;
 23. Before the commencement of procurement, furnish the Project procurement plan to be reviewed at the project inception meeting and cleared by UNEP. Project procurement plans will be prepared (or reviewed) and approved on an annual or bi-annual basis by the Project Steering Committee.
 24. Utilize the funds and any supplies and equipment provided by UNEP in strict compliance with the project document.
 25. Maintain complete and accurate records of non-expendable equipment purchased with GEF Project funds and a duly authorized official of the Executing Agency shall take periodic physical inventories. Within 1 month of the year ending 31 December, i.e. on or before 31 January, the Executing Agency shall provide UNEP annually with the inventory of such non-expendable equipment as at 31 December, using the format appended as **Annex 6A**
 26. Be responsible for the proper custody, maintenance and care of all non-expendable equipment as well as items of attraction (items costing less than US\$ 1,000, but with a useful life of more than a year) purchased with GEF Funds. The Executing Agency shall, for the protection of such equipment and materials during implementation of the Project, obtain appropriate insurance in such amounts as may be agreed upon between the Parties and incorporated into the Project Budget.
 27. In cases of damage, theft or other losses of property made available to the Executing Agency, provide UNEP with a comprehensive report, including police report, where appropriate, and any other evidence giving full details of the events leading to the loss of the property.
 28. Obtain authorization of UNEP, in case the Executing Agency intends to dispose of the equipment during the duration of the Project. Within 2 months of the Project completion date or upon termination of this Agreement, the Executing Agency shall submit a final inventory of equipment to UNEP and a proposal for the disposal/transfer of the said equipment using the format appended as **Annex 6B**, unless otherwise agreed upon between the Parties.
 29. With regard to cash advances, the Executing Agency shall:
 - a) Provide the banking details to UNEP on the Third Party Form appended as **Annex 7A**;
 - b) Submit requests for cash advances using the formats appended as **Annex 7B**, and comply with the reporting requirements, failing which, UNEP may withhold further disbursements or may suspend the Project until such time the Executing Agency

meets its financial and operational obligations.

30. With regard to cost overruns, the Executing Agency shall ensure that, under this Agreement, total expenditures incurred by the Executing Agency do not exceed the Project Budget as set out in paragraphs 11 and 12 of this Agreement. The Executing Agency shall notify UNEP about any expected variations on the Project. The Executing Agency shall be authorized to make variations not exceeding 10 per cent on any one line item of the Project Budget provided that the total allocated for that specific budget component by UNEP is not exceeded. Any variations exceeding 10 per cent on any one line item that may be necessary for the proper and successful execution of the Project shall be subject to prior consultations with and approval by UNEP. In such a case, a revision to the project document amending the budget shall be issued by UNEP. In the absence of such approval by UNEP, cost overruns shall be the sole responsibility of the Executing Agency.
31. With regard to project management cost, the Executing Agency recognizes that project management costs as defined in the budget of GEF funds contained in Appendix 2 of the project document appended as **Annex 1** and any subsequent UNEP approved budget revision, will not exceed under any circumstances 10 per cent in total for the GEF-approved Project Budget in accordance with GEF rules.
32. With regard to maintenance of records:
 - a) The Executing Agency shall keep accurate and up-to-date records and documents in respect of all expenditures incurred with the funds made available by UNEP to ensure that all expenditures are in conformity with the provisions of the project document. For each disbursement, proper supporting documentation shall be maintained, including original invoices, bills, and receipts pertinent to the transaction;
 - b) Upon completion of the Project or termination of this Agreement, the Executing Agency shall maintain all records pertinent to the Project for a period of at least 3 years unless otherwise agreed upon between the Parties.
33. With regard to unspent balances, should there remain a balance from the total GEF-approved Project Budget after completion or termination of the Project, the Executing Agency shall return the unspent funds to UNEP within 3 months of the expiry or termination of this Agreement.
34. With regard to reporting:
 - a) The Executing Agency shall provide all reports for the Project in English .
 - b) Progress report: Within 15 days of the end of each reporting period (subject to the provisions of paragraph 34 (c)) , i.e. on or before 15 January, 15 April, and 15 October, the Executing Agency shall submit to UNEP a quarterly progress report using the format appended as **Annex 8**;
 - c) Project Implementation Review (PIR) report: Within 1 months of the end of the reporting period for the GEF fiscal year of 30 June, i.e., on or before 31 July, the Executing Agency shall submit to UNEP its input to the annual PIR report using the format appended as **Annex 9**. The PIR report shall be accepted as the progress report in the abovementioned paragraph of this Agreement for the period April-June;
 - d) Final report: Within 2 months of the Project completion, or termination of the present Agreement, the Executing Agency shall submit to UNEP a final report and a list of outputs detailing the activities taken under the Project, lessons learned and any recommendations to improve the efficiency of similar activities in the future, using the format appended as **Annex 10**;
 - e) Financial report: All financial reporting shall be in US dollars, and any exchange differences accounted for within the total Project Budget. Within 15 days of the end of the quarter to which they refer, i.e., on or before 15 April, 15 July, 15 October

and 15 January, the Executing Agency shall submit to UNEP quarterly expenditure reports and explanatory notes on the expenditures reported using the format appended as **Annex 11**. The financial report shall contain information that forms the basis of a periodic financial review and its timely submission is a prerequisite to the continuing funding of the Project. Unless the financial report is received, UNEP will not act upon requests for advances of Project Budget funds;

- f) The Executing Agency shall submit to UNEP a signed final statement of accounts within 3 months of completion of project activities. The final statement of accounts shall be prepared using the format appended as **Annex 11**;
- g) Basis of accounting: The financial report has been designed to reflect the transactions of a project on a cash basis, and thus shall include only disbursements made by the Executing Agency and not commitments.
- h) Income: The Executing Agency shall credit any miscellaneous income to the Project accounts as a receipt of funds against agreed project requirements. Miscellaneous income shall include, inter alia, proceeds or receivables from the sale of any item or property provided under the Project governed by this Agreement, as well as any bank interest earned or accrued on Project GEF funds remitted by UNEP and which have been deposited or temporarily placed in an interest-bearing account. The use of such miscellaneous income during the course of the Project for project-related activities requires prior consultation with and written authorization by UNEP;
- i) Refund: Any refund received by the Executing Agency from a supplier/third party shall be reflected in the financial report as a reduction of disbursements on the component to which it relates;
- j) Co-financing report: Within 1 month of the PIR reporting period, i.e. on or before 31 July, the Executing Agency shall submit to UNEP, an annual co-financing report for the Project as at 30 June showing amount of cash and in-kind co-financing realized compared to the amount of co-financing committed to at the time of the Project approval in accordance with Appendix 2 of the Project document appended as **Annex 1**. Co-financing reporting shall be by source using the format appended as **Annex 12**;
- k) Third party co-financing reporting: The Executing Agency shall ensure that the legal instruments prepared with its Project partners require partners to report, on an annual basis, the actual co-financing received versus committed at the time of Project approval by the GEF, and provide assurances that the identified in-kind resources be:
 - Dedicated uniquely to the GEF project;
 - Valued at the lower of cost or market value of the required inputs they provide for the Project;
 - Monitored with documentation available for any evaluation or Project audit;
- l) Consolidated reporting: All reports described above shall be consolidated reports and therefore include information from any third party sub-project(s).

Financial cost

35. UNEP shall not be liable for the payment of any expenses not outlined in the project document or project budget unless UNEP has explicitly agreed in writing to do so prior to the expenditure by the Executing Agency.

Audit requirements

36. All financial reporting in the audit report shall be in US dollars.
37. The total expenditures incurred during the year ending 31 December, wherein GEF

Funding is clearly identified, shall be endorsed by a duly authorized official of the Executing Agency and audited by an independent audit authority (a recognized firm of public accountants) and dispatched to UNEP within 180 days, i.e. on or before 30 June. Unless otherwise agreed between the Parties, the audit report and recommendations shall include such comments as the auditor may deem appropriate in respect of GEF funded operations and in particular, shall clearly indicate that in their opinion:

- a) GEF Funds were covered by the scope of the audit;
- b) Proper books of account have been maintained;
- c) All project expenditures are supported by vouchers and adequate documentation;
- d) Expenditures have been incurred in accordance with the objectives outlined in the project document;
- e) The expenditure reports provide a true and fair view of the financial condition and performance of the Project.

On completion of the Project, a final audited statement of account containing signatures and audit opinion as required above, shall be dispatched to UNEP within 6 months.

38. If requested, the Executing Agency shall facilitate an audit by the United Nations Office of Internal Oversight Services, or any person duly authorized by UNEP, pertaining to the contribution by UNEP to the Project. Shall they wish to do so, the United Nations Board of Auditors may also carry out an audit of the Project accounts.

Responsibility for claims

39. The Executing Agency shall indemnify, hold, and save harmless, and defend at its own expense, UNEP, its officials and persons performing services for UNEP, from and against all suits, claims, demands and liability of any nature and kind, including their cost and expenses, arising out of acts or omissions of the Executing Agency or its employees or persons hired for the management of the present Agreement, pertaining to the Project.
40. The Executing Agency shall be responsible for, and deal with all claims brought against it by its personnel, employees, agents or subcontractors.

Publications, acknowledgements, logos and emblems

41. The Executing Agency shall submit to UNEP for review and prior clearance of any manuscripts for publication. It shall also inform UNEP of plans for its publication and discuss and agree on the publishing arrangements.
42. To accord proper acknowledgement to the GEF for providing funding to the Project, any publications prepared or produced pursuant to this Agreement will give appropriate credit to GEF in addition to UNEP and shall include the logo of GEF in addition to that of UNEP as stipulated under paragraph 46 of this Agreement. Any citation on project publications of projects funded by GEF resources shall also accord proper acknowledgement to GEF.
43. The GEF logo shall appear on, amongst others, project hardware and vehicles purchased with GEF Funds.
44. In no event will authorization of the name or emblem, or any abbreviation thereof, of GEF or UNEP, be granted for commercial purposes.
45. Should the Executing Agency be solely responsible for publishing arrangements, UNEP shall receive free of charge at least 10 copies of the published work {or electronic material or film or other as relevant} in each of the languages, for non-commercial purposes.

46. The Executing Agency may only use the name and emblem of the United Nations or UNEP with prior written consent of UNEP.

Intellectual property rights

47. For purposes of this Agreement, intellectual property means information, ideas, inventions, innovations, art work, data, designs, literary texts and any other matter or thing whatsoever as may be capable of legal protection or be subject to legal rights and shall include patents; information which is of a kind that has been communicated in such a manner as to give rise to a duty of confidentiality; copyright vesting in literary works (including but not limited to computer programs); dramatic works, musical works, broadcast, published editions and other types of performance; registered trademarks; unregistered trademarks used or intended for use in business; registered designs and designs capable of being registered; biological organism varieties and the rights of breeders of such varieties; layout design of integrated circuits; databases; and any other rights resulting from intellectual activity in the industrial, commercial, scientific, literary and artistic fields.
48. UNEP and the Executing Agency shall agree upon the question of copyrights and all other related rights in any material produced under the provisions of this Agreement.

Suspension and termination

49. The Parties hereto recognize that the successful completion and accomplishment of the purposes of a technical cooperation activity are of paramount importance, and that UNEP may find it necessary to terminate the Project, or to modify the arrangements for the management of the Project, should circumstances arise that jeopardize successful completion or the accomplishment of the purposes of the Project within the approved duration of the Project.
50. UNEP shall consult with the Executing Agency if any circumstances arise that, in the judgment of UNEP, interfere or threaten to interfere with the successful completion of the Project or the accomplishment of its purposes. The Executing Agency shall promptly inform UNEP of any such circumstances that might come to its attention. The Parties shall cooperate towards the rectification or elimination of the circumstances in question and shall exert all reasonable efforts to that end, including prompt corrective steps by the Executing Agency, where such circumstances are attributable to it or within its responsibility or control.
51. At any stage of the project cycle, participating countries, UNEP or the GEF Secretariat may recommend suspending or terminating the Project for several reasons including *force majeure*, changes in national priorities, poor implementation performance, inadequate progress in formalizing the Project and finalizing the necessary documentation to enable the Project to be executed, and lack of compliance with financial or reporting obligations, leading to a conclusion that the Project can no longer meet its objectives.
52. Following receipt of a recommendation for suspension or termination, and after appropriate consultations, UNEP may suspend or terminate the Project by written notice to the Executing Agency. In the event of termination, such notice shall be provided at least 3 months prior to the effective date. If it is a suspension, UNEP shall indicate to the Executing Agency the conditions under which it is prepared to authorize project activities to resume.
53. If the cause of suspension is not rectified or eliminated within the timeframe, as agreed between UNEP and the Executing Agency, after UNEP has given notice of suspension

to the Executing Agency, UNEP may, by written notice at any time thereafter during the continuation of such cause: (a) terminate the Project; or (b) terminate the management of the Project by the Executing Agency, and entrust its management to another institution. The effective date of termination under the provisions of the present paragraph shall be specified by written notice from UNEP.

54. The Executing Agency may terminate the present Agreement in cases where a condition has arisen that impedes the Executing Agency from successfully fulfilling its responsibilities under the present Agreement, by providing UNEP with written notice of its intention to terminate the present Agreement at least 3 months prior to such termination.
55. The Executing Agency may terminate the present Agreement only after consultations have been held with UNEP, and shall give due consideration to proposals made by UNEP in this respect. The Parties shall also cooperate in assessing the consequences on the other partners and beneficiaries of the Project, and develop and agree upon an exit strategy to minimize negative consequences.
56. Upon receipt of a notice of termination by either party under paragraphs 52 to 55 of this Agreement, The Parties shall take immediate steps to terminate activities under the present Agreement, in a prompt and orderly manner, so as to minimize losses and further expenditures, and shall refrain from undertaking any further or additional commitments as of and following the date of receipt of such termination notice. UNEP shall only be liable to pay the Executing Agency for its obligations made prior to the notice of termination and upon receipt of project deliverables according to the implementation plan in section 5 of the project document appended as **Annex 1**.
57. In the event of any termination by either party under paragraph 56 of this Agreement, UNEP shall reimburse the Executing Agency only for the costs incurred to manage the Project in conformity with the express terms of the present Agreement. Reimbursements to the Executing Agency under this provision, when added to amounts previously remitted to it by UNEP in respect of the Project, shall not exceed the total UNEP allocation/contribution for the Project.
58. In the event of transfer of the responsibilities of the Executing Agency for the management of a project to another institution, the Executing Agency shall cooperate with UNEP and the other institution in the orderly transfer of such responsibilities and equipment procured using Project Budget funds.

Force majeure

59. In the event of and as soon as possible after the occurrence of any cause constituting *force majeure*, the party affected by the *force majeure* shall give the other party notice and full particulars in writing of such occurrence if the affected party is thereby rendered unable, in whole or in part, to perform its obligations or meet its responsibilities under the present Agreement. The Parties shall consult on the appropriate action to be taken, which may include suspension of the present Agreement by UNEP or termination of this Agreement, with either party giving to the other at least 1 month written notice of such termination.
60. In the event that the present Agreement is terminated owing to causes constituting *force majeure*, the provisions of paragraphs 57 and 58 of this Agreement shall apply.

Dispute settlement

61. The Parties shall settle amicably through direct negotiations, any dispute, controversy or claim arising out of or relating to the present Agreement, including breach and

termination of the Agreement. Should such negotiations fail, the matter shall be referred to arbitration in accordance with United Nations Commission on International Trade Law Arbitration Rules (UNCITRAL) then obtaining. The Parties shall be bound by the arbitration award rendered in accordance with such arbitration, as the final decision on any such dispute, controversy or claim.

Privileges and immunities

62. Nothing in or relating to this Agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the Parties.

Notification and amendments

63. Any part of this Agreement may be modified or amended only by written agreement between the Parties.


64. For multi-country projects, in the event that one or more countries withdraw from the project, the Executing Agency shall inform DGEF which shall in turn notify the GEF Secretariat.

65. Should it become evident during the implementation of the Project that an extension beyond the agreed expiry date as set out in paragraph 5 of this Agreement is required to achieve the objectives of the Project, the Parties shall consult with each other with a view to agree on a revised completion date. In the event that the duration of the Project is extended, paragraphs 30 and 31 of this Agreement shall apply. Upon reaching an agreement, the Parties shall immediately conclude a written amendment to the Agreement to this effect, which shall be signed by the duly authorized representatives of the Parties.

66. The terms and conditions stipulated in the written amendment shall be appended to and be construed as an integral part of this Agreement.

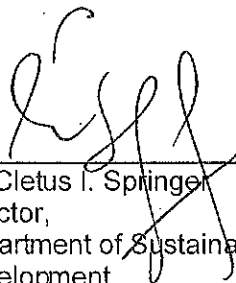
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have on behalf of the Parties hereto signed the present Agreement on the day below written.

For:
United Nations Environment Programme

By: 
Ms. Maryam Niamir-Fuller
Director,
Division of GEF Coordination
UNEP

Date: 7 Sept 2010

For:
GS/OAS

By: 
Mr. Cletus I. Springer
Director,
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LIST OF ANNEXES TO THE PROJECT COOPERATION AGREEMENT

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