

**LETTER OF AGREEMENT
BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND THE AFRICAN UNION COMMISSION
ON THE IMPLEMENTATION OF THE PROJECT
"SUPPORT TO THE IMPLEMENTATION OF THE AFRICAN UNION PEACE AND SECURITY AGENDA"**

Your Excellency,

1. Reference is made to the recent consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in Ethiopia and officials of the *African Union Commission* with respect to the realization of activities by the *African Union Commission* in the implementation of Project 71895 "*Support to the Implementation of the African Union Peace and Security Agenda*", as specified in Attachment 1: Project Document, to which UNDP has been selected as implementing partner.

2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the activities to be provided by the *African Union Commission* towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between *African Union Commission* and UNDP on all aspects of the Activities.

3. *African Union Commission* shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its Financial Regulations and Rules.

4. In carrying out the activities under this Letter, the personnel and sub-contractors of *African Union Commission* shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of *African Union Commission* or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by *African Union Commission*, and its personnel as a result of their work pertaining to the Activities.

5. Any subcontractors, including NGOs under contract with *African Union Commission*, shall work under the supervision of the designated official of *African Union Commission*. These subcontractors shall remain accountable to *African Union Commission* for the manner in which assigned functions are discharged.

6. Upon signature of this Letter, UNDP will make payments to *African Union Commission*, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.

7. *African Union Commission* shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. *African Union Commission* shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when *African Union Commission* is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide *African Union Commission* with any funds or to make any reimbursement for expenses incurred by *African Union Commission* in excess of the total budget as set forth in Attachment 3.

8. *African Union Commission* shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December). The report will be submitted to UNDP through the UNDP Country Director or UNDP Resident Representative within 30 days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by *African Union Commission* in the financial report for project number 71895, "Support to the Implementation of the African Union Peace and Security Agenda"

9. *African Union Commission* shall submit such progress reports relating to the Activities as may reasonably be required by the project manager in the exercise of his or her duties.

10. *African Union Commission* shall furnish a final report within 12 months after the completion or termination of the Activities, including a list of non-expendable equipment purchased by *African Union Commission* and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.
11. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed of, as agreed, in writing, between UNDP and *African Union Commission*.
12. Any changes to the Project Document which would affect the work being performed by *African Union Commission* in accordance with Attachment 2 shall be recommended only after consultation between the parties concerned – UNDP and the African Union Commission.
13. For any matters not specifically covered by this Letter, the Parties concerned would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the African Union Commission and the UNDP.
14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of *African Union Commission* according to Attachment 2, or until terminated in writing (With 30 days notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by *African Union Commission* unless it receives written indication to the contrary from UNDP.
15. Any balance of funds that is undispensed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP.
16. Any amendment to this Letter shall be effected by mutual agreement, in writing.
17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to Fidele Sarassoro, UNDP Ethiopia Resident Representative,
18. *African Union Commission* shall keep the UNDP Resident Representative fully informed of all actions undertaken by them in carrying out the provision of this Letter.
19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.
20. Any dispute between the UNDP and African Union Commission arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

21. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for African Union Commission's participation in the implementation of the project.

Yours sincerely,

Signed on behalf of UNDP
Fidele Sarassoro
UNDP Resident Representative



Signed on behalf of African Union
Commission Ramtane Lamamra
Commissioner for Peace and Security

