

Your Excellency,

1. Reference is made to the consultations in Panama between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") and officials of United Nations Office for Project Services (hereinafter referred to as the "UNOPS") with respect to the provision of services by UNOPS in the implementation of the project UN HUB PANAMA, 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 services to be provided by UNOPS towards the project, as specified in Attachment 2: Description of Services (hereinafter referred to as "Services"). Close consultations will be held between UNOPS and UNDP on all aspects of the Services.
3. UNOPS shall use its best efforts to ensure that personnel recruited for the project are of the highest standards of efficiency, competence, and integrity.
4. UNOPS shall be fully responsible for the provision; with due diligence and efficiency, of all services performed by its personnel and for ensuring that all relevant UNOPS Financial Regulations and Rules are complied with and that the principles of competitive bidding are observed.
5. In carrying out the activities under this Letter, the personnel and sub-contractors of UNOPS 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 UNOPS or its personnel, or of its contractors or their personnel, in performing the Services under the project or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by UNOPS, and its personnel as a result of their work pertaining to the project.
6. As implementing partner, UNDP shall retain overall responsibility for the project and shall designate a project manager.
7. The personnel assigned by UNOPS to the project, and under contract with UNOPS shall work under the guidance of the project manager. The arrangements between UNDP and the personnel assigned by UNOPS to the project shall be determined in consultation between UNDP and UNOPS and described in the relevant terms of reference of the personnel. These personnel shall remain accountable to UNOPS for the manner in which assigned functions are discharged under the UNOPS Financial Regulations and Rules.
8. In the event of disagreement between the project manager and the project personnel of UNOPS, the project manager shall refer the matter under dispute to UNOPS for the purpose of finding a satisfactory solution. In the interim, the decisions of the project manager shall prevail.
9. Any subcontractors, including NGOs assigned by UNOPS to the project, and under contract with UNOPS, shall work under the supervision of the designated official of UNOPS. These subcontractors shall remain accountable to UNOPS for the manner in which assigned functions are discharged.
10. Upon signature of this Letter and pursuant to the budget and the work plan of the Project Document, UNDP will make payments to UNOPS, according to the schedule of payments specified in Attachment 3: Schedule of Services, Facilities and Payments.
11. UNOPS shall not make any financial commitments or incur any expenses which would exceed the budget for implementing the project as set forth in the Project Document. UNOPS shall regularly consult with UNDP concerning the status and use of funds and shall promptly

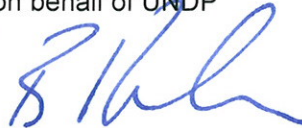
24. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to UNDP Country Director/Resident Representative.

25. UNOPS shall keep the UNDP Country Director/Resident Representative fully informed of all actions undertaken by them in carrying out this Letter.

26. The parties shall use their best efforts to promptly settle through direct negotiations any dispute, controversy, or claim arising out of or relating to the Letter, or any breach thereof. Any such dispute, controversy or claim which is not settled within sixty (60) days from the date either party has notified the other party of the dispute, controversy or claim and of measures which should be taken to rectify it, shall be referred to the Secretary-General of the United Nations.

27. 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 there by constitute the basis for UNOPS participation in the implementation of the project.

Yours sincerely,
Signed on behalf of UNDP



BEAT ROHR
UNDP Director of the Regional Centre
and Deputy Director RBLAC



Signed on behalf of UNOPS
MARIA NOEL VAEZA - Regional Director

21 October, 2009

Greening the Regional Hub

The UN is committed to ensuring that the future LAC Regional Hub is “green” that is has as low a carbon footprint as possible, high sustainability indicators and fosters a culture of environmentally sustainable use. The United Nations Environment Programme (UNEP) is providing technical and financial support the design process to be in line with the highest environmentally- sustainable standards and principles.

Being a new building on a “green field” site, the UN regional centre in Panama is the first of its kind in the world, offering a unique opportunity for UN to raise the bar and set an example both within and outside of the UN, achieving a major step in UN system coherence and effectiveness.

SECTION B – UNOPS Capability

The United Nations Office for Project Services (UNOPS) is a leading service provider in project management and procurement supporting UN goals and outcomes, UNOPS is a service provider for, and works on behalf of, more than 30 United Nations departments and organizations. UNOPS also offers services to international financial institutions and directly to donor governments and developing country governments. The organization works to meet identified international standards, all UNDSS MOSS regulations and the most up-to-date, sustainable and environmentally sound practices. Design and construction of UN premises is common practice for UNOPS, supporting UN efforts at regional and country team level in Afghanistan, Kenya, Pakistan, Peru, Sri Lanka and Uruguay. Those projects are carbon neutral and are examples of UN as a leader in sustainable infrastructure, development and operations. UNOPS is working together with the UNEP SUN initiative in Paris to ensure all knowledge and experience gained from their involvement with the UN headquarters building in New York and other initiatives globally are incorporated.

In September 2006 the Secretary-General designated UNOPS as the United Nations lead entity for physical Infrastructure (operational capacity and project management, including large-scale projects). Consistent with this UNOPS has broadened its infrastructure implementation capacity. It now uses Prince2 project management methodology, which will become an organization-wide standard by early 2009. A new Executive Office position of Global Practice Leader – Infrastructure supports, consolidates and develops UNOPS activities relating to infrastructure globally in response to the Secretary-General's designation. The position coordinates approaches, systematises project management of infrastructure throughout the organisation, mitigates risk, raises the quality of deliverables and addresses environmental and sustainable development issues of physical infrastructure.

UNOPS has established a Physical Infrastructure Design Unit (PIDU), a global design office. It can serve local governments, UN agencies, INGOs, NGOs, bi-lateral and multi-lateral development organizations and, of course, UNOPS projects. PIDU specializes in physical infrastructure design and identifies the scope and design cost prior to work commencing. Costs are based on cost recovery using hourly rates. Generally PIDU will not manage a project in its entirety but will provide the Project Manager what is typically seen as consultant-style design and advisory services.

Establishment of the **Project Board (PB)** integrated by two Regional Directors appointed by the Steering Committee of the RDT with the inclusion of a Representative of the Government of Panama. The appointment of the project manager should be the first key steps in phase 1. The **PB** will be accountable for the success of the project, approve all major plans and resources, authorize any deviation and approve each stage.

Followed closely by the assessment of the land offered by the Panamanian Government, establishing the scope of works for the design and complete a master plan along with preliminary estimate costs for the works and project in general.

Phase 2

After approval of Phase 1 by the **PB**, UNOPS will prepare all appropriate documentation required for bidding, contract award and management, construction and supervision, including all drawings, specifications, Bills of Quantities, bid documents and contracts, At this point approval will again be sought from the **PB** to proceed with bidding of the major work packages. Bidding will be carried out with results prepared for the board's approval and progression into phase 3.

Phase 3

Management of the physical construction of the works, it is envisaged the works will be let in multiple contracts to achieve the highest quality and most economical end price, Phase 3 includes full time on site supervision including; health and safety, quality control or works and supplied proprietary items, contract management and monthly substantive and financial reporting. Phase 3 ends at practical completion of works and handover of the facilities to UN for occupation, fully furnished and equipped.

Phase 4

Phase 4 is the often overlooked defects and liability period, the warranty period. Here UNOPS maintains regular inspections of the facilities, manages any remedial works required, maintenance contacts for plant and equipment supplied in phase 3 and then issues final completion certificate, releases final payments to contractors, hands over all as built documentation and the final report to UN house. Generally phase four periods operates unnoticed by the facility users and lasts for 12 months. At the conclusion of phase 4 UNOPS closes the project. UNOPS will refund all unspent monies.

- 1.2 *Project Board with all stakeholders represented on the board.*
- 1.3 *Prepare preliminary building design (architectural drawings, main connections to public services, security issues, and road / transit viability) (Studies to work deliverable)*
- 1.4 *Preliminary environmental impact. (Studies to work deliverable)*
- 1.5 *Carry out geotechnical investigation and land survey (Studies to work deliverable)*
- 1.6 *Identify and document stakeholders requirements for the facility*
- 1.7 *Prepare preliminary master plans for board comments and review, (Studies to work deliverable)*
- 1.8 *Prepare preliminary project budget (UNOPS),*
- 1.9 *Prepare project programme (UNOPS)*
- 1.10 *Prepare work packages for design process, (possibly multiple work packages for different design disciplines and processes) (UNOPS)*
- 1.11 *UNOPS Financial Specialist would prepare financial documents (according to market place propose investment alternatives for construction of UN LAC Regional Hub and cost-benefit analysis) (Studies to work deliverable)*

For the discussion and approval of the Steering Committee, UNOPS would prepare a Preliminary Sketch of the UN Regional HUB:

*After Steering Committee approves the preliminary sketch and all deliverables of this phase, **the RDT is ready to present results to the approval of the chairwomen of the UNDG and the different decision-making instances at HQs level.***

Steering committee (SC)

Terms of reference

This SC is responsible for defining the project roadmap and will act as decision making instance of the RDT for matters related to the establishment of the UN Regional Hub in Panama as well as for the interface with the Government of Panama. The SC will be also responsible to obtain the correspond decisions from the appropriate authorities at the Senior management of the UN agencies that the project is viable and represents an advantage to move forward the UN reform agenda in the LAC region. The SC will place the project for acceptance at the top level of key UN agencies who will release it will go into or rejected the project.

The SC will ensure that the United Nations targets coordinated, efficient service delivery as a core aim of ongoing reforms. To deliver as "One UN", sister organizations in the United Nations system must utilize common services and premises, then develop shared administrative and technical standards. The benefits are obvious. Avoiding duplication of facilities or services promotes efficient use of personnel and resources, reduced overheads, economies of scale and time, and strengthened synergies among partner organizations.

Between the Steering Committee and Project Board will have a two-way flow of information during the development project where the PB seek advice from SC if necessary or to increase the tolerances that are forecast to be breached.

This SC shall consist of the following RD appointed by the RDT meeting in Suriname in March 2008: UNDP, UNFPA, UNICEF, WFP, UNEP, OCHA and UNOPS (see annex minutes of the RDT meeting in Suriname)

Project Board (PB)

Terms of Reference

In order to ensure the smooth and effective running of this project, a Project Board (PB) will be established.

The Project Board is the ultimate authority for the project and shall be appointed by the SC to take overall responsibility and control of the project. The Project Board consists of three senior management roles, each representing major project interests.

- **Executive** - appointed by the RDT to provide overall project guidance and assessment throughout. The Executive represents the interests of the business in the project.
- **Senior User/Customer** - representing users or customers of the outcome or the major products from the project (one of the UN agencies and the GoP Representative).
- **Senior Supplier** - representing areas which have responsibility for providing the specialist "know-how" and/or committing Supplier resources for the solution (UNOPS technical staff and external contractors / consultants, other UN agencies).

Meetings of the PB shall take place as outlined by the project manager and approved by the board in the project brief produced during phase 1 of the project. Generally the board will meet at pre determined points that are milestones of the project and require approval of the board for the project manager to move the project to the next phase or activity. In