**AGREEMENT**

**between**

**THE GOVERNMENT OF [ name of country]**

**and**

**THE FOOD AND AGRICULTURE ORGANIZATION**

**OF THE UNITED NATIONS (FAO)**

**FOR THE PROVISION OF TECHNICAL ASSISTANCE**

**FOR THE [NAME OF PROJECT ]**

THIS AGREEMENT (together with all Annexes hereto, this “Agreement”) is entered into between THE GOVERNMENT OF [\_\_\_\_\_\_] by and through its Ministry of [ ], having its address at [ ] (the “Government”), and the FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS, a specialized agency of the United Nations with headquarters located at Viale Terme di Caracalla, Rome 00153, Italy (“FAO”, together with the “Government,” the “Parties” and each a “Party”).

**WHEREAS**

1. The Government, working with its development partners including FAO and the International Development Association (“IDA”) or International Bank for Reconstruction and Development (“IBRD”), has designed and is implementing a project to [insert the name of the Project] (the “Project”), and has asked FAO to provide the Technical Assistance as set forth in **ANNEX I,** it being understood that FAO is uniquely or exceptionally qualified to provide the required Technical Assistance. FAO has agreed to provide the Technical Assistance on behalf of the Government, in accordance with this Agreement.
2. The Government has received a [enter one: credit/loan/grant] (the “Credit/Loan/Grant”) from the [enter one: IDA/IBRD] pursuant to an agreement dated [date of the Credit/Loan Agreement].

**NOW THEREFORE**, the Parties agree as follows:

**Article I**

**Agreement Documents and Definitions**

1. The following documents attached hereto shall be deemed to form an integral part of this Agreement:

Annex I: Description of the Technical Assistance

Annex II: Action Plan

Annex III: Estimate of Total Cost of the Technical Assistance (Total Funding Ceiling)

Annex IV: Work Plan

Annex V: Materials and Equipment

Annex VI: Working Hours and Holidays for FAO Experts

Annex VII: Reports and Documents to be submitted by FAO

Annex VIII: Form of Semi-Annual Payment Request

Annex IX: Counterpart Staff, Services, Facilities and Property to Be Provided by the Government

Annex X: Template for Financial Utilization Report

Annex XI: Project Servicing Costs

Definitions

1. Unless expressly indicated otherwise, the following terms whenever used in this Agreement have the following meanings:
2. “Action Plan” means the plan describing the technical approach and the required expertise (i.e., Expert skills, qualifications, knowledge and experience) for the performance of all activities under the Technical Assistance, as set forth in **Annex II** hereto.
3. “Association” or “IDA” means the International Development Association, Washington, D.C., U.S.A.
4. “Bank” or “IBRD” means the International Bank for Reconstruction and Development, Washington, D.C., U.S.A.
5. “Consultant” means an entity to which FAO subcontracts any part of the Technical Assistance in accordance with the provisions of this Agreement.
6. “Day” means working day, unless otherwise stated.
7. “Effective Date” means the date on which this Agreement enters into force and effect, as defined in Article VI, paragraph 1.
8. “Expert” means an individual professional staff or individual consultant engaged by FAO to perform key functions and identified in **Annex IV**, whose skills, qualifications, knowledge and experience are critical to the performance of the Technical Assistance.
9. “Materials and Equipment” means materials or equipment to be provided by FAO in accordance with **Annex V** hereto.
10. “Payment Request” means the document referred to in Article III, paragraph 12, and in the form set forth in **Annex VIII** hereto.
11. “Project Servicing Costs” means FAO’s charge for undertaking the Technical Assistance as mandated by the governing bodies of FAO and set out in **Annex XI**.
12. “Technical Assistance” means the technical assistance activities to be performed by FAO pursuant to this Agreement, as described in **Annex I** hereto.
13. “Total Funding Ceiling” means the funding ceiling referred to in Article III, paragraph 1 and set forth in **Annex III** hereto, prepared by FAO as its good faith best estimate as of the date of that estimate of the total cost for carrying out the Technical Assistance.
14. “Work Plan” means the detailed timetable of actions and level of effort needed to carry out the Technical Assistance, updated semi-annually or as agreed by the Parties, as set forth in **Annex IV** hereto.

**Article II**

**Description of Technical Assistance**

Action Plan

1. Before signing the Agreement, FAO will develop and submit to the Government the Action Plan as set out in **Annex II** for the provision of the Technical Assistance covering the entire duration required to complete all activities under the Agreement.
2. The Action Plan as agreed to by the Government constitutes the full and final approval by the Government of all actions specified therein and of all expenditures necessary to implement that Action Plan, up to the amount set forth as the Total Funding Ceiling in Article III, paragraph 1.

Work Plans for the Implementation of the Technical Assistance

1. Within one (1) month of the date on which both Parties have signed the Agreement, FAO will develop and submit to the Government a Work Plan to cover the first six (6) months of implementation of the Technical Assistance. The Work Plan shall be updated on a semi-annual basis within the period of effectiveness of the Agreement.

**FAO Inputs: Experts, Consultants, Materials and Equipment**

FAO Experts and Consultants

1. FAO will contract or make available such qualified Experts and Consultants as are required, in FAO’s judgment, to carry out the Work Plan. The Parties acknowledge that the matters set forth in **Annex II** may need to be adjusted, with the agreement of both Parties, during the course of the implementation of the Agreement.

(a) The titles, agreed job descriptions, relevant qualifications and estimated periods of engagement in the carrying out of the Technical Assistance for each of FAO’s Experts and the estimated time input are set forth in **Annex IV**.

(b) If required to ensure proper performance of the Technical Assistance, adjustments with respect to the estimated time input of Experts and Consultants as set forth in **Annex IV** may be made by FAO by written notice to the Government, provided (i) that such adjustments shall not alter the originally estimated time input of any single Expert or Consultant by more than ten (10) percent or one week, whichever is longer, and (ii) that the aggregate of such adjustments shall not cause payments under this Agreement to exceed the Total Funding Ceiling in Article III, paragraph 1. Higher adjustments shall only be made with the approval of the Government.

1. Except as provided in Article II, paragraph 6 below, the hiring and contracting of any Expert or Consultant by FAO in connection with the implementation of the Technical Assistance will be done according to FAO’s established rules, regulations, policies, and procedures, it being understood that FAO shall remain fully responsible for the performance of the Technical Assistance by such Expert or Consultant pursuant to this Agreement. FAO will ensure that its contract with each such Expert (excluding FAO Staff) or Consultant includes the following terms and conditions:

(a) Prohibition of Conflicting Activities. The Expert or Consultant will not engage, either directly or indirectly, in any business or professional activities which could conflict with the activities performed under the Expert’s or Consultant’s contract with FAO.

(b) Confidentiality. The Expert or Consultant will treat with the utmost discretion any information acquired in the performance of its contract with FAO.

(c) Disqualification from Related Contracts. During the term of the Expert’s or Consultant’s contract with FAO and after its termination, the Expert or Consultant and any party affiliated with the Expert or Consultant, will be disqualified from providing goods, works or services (other than consulting services) resulting from, or closely related to, the activities under its contract with FAO in relation to this Agreement, and shall not be hired for any assignment that, by its nature, may be in conflict with such activities under its contract with FAO in relation to this Agreement.

1. (a) FAO shall not hire as Consultant any Government institution. In addition, FAO shall not hire as Consultant an enterprise or institution owned by the Government, unless it has been established to IDA/IBRD’s satisfaction that such Government-owned enterprise or institution is legally and financially autonomous, operates under commercial law, and is not a dependent agency of the Government (the “Eligibility Test”). Exceptionally, a Government-owned university, research center or other similar institution that does not meet this Eligibility Test may be hired as Consultant by FAO if it has been established to IDA/IBRD’s satisfaction that the services of such institution are of unique and exceptional nature (including because of the absence of a suitable private sector alternative) and its participation is critical to the project.

(b) FAO shall not hire as Expert any official or civil servant of the Government’s country unless it has been established to IDA/IBRD’s satisfaction that (i) such official or civil servant is on leave of absence without pay, or has resigned or retired; and (ii) the Technical Assistance is not being provided to the ministry or agency for which that official or civil servant was working before going on leave or, in the case of resignation or retirement, unless a period of at least six (6) months (or any longer period established by the applicable rules for civil servants in the Government’s country) has passed since such resignation or retirement from that ministry or agency. Exceptionally, IDA/IBRD may agree that a professor or other expert from a Government-owned university, research center or similar institution may be hired as Expert by FAO on a part-time basis without being on leave of absence without pay, provided such professor or other expert has been employed full-time by his or her institution for at least one (1) year prior to hiring by FAO and such hiring is justified for the services.

Standard of Performance

1. FAO (including Experts and Consultants) will carry out FAO’s obligations under this Agreement with all due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices.

Working Hours and Leave, etc.

1. Working hours and holidays of Experts recruited by FAO shall be as specified in **Annex VI**.

Removal and/or Replacement of Experts

1. (a) Except as the Government may otherwise agree, no substitution of Experts shall be made. If, for any reason beyond the reasonable control of FAO, it becomes necessary to substitute any of the Experts, FAO shall promptly propose a replacement with equivalent or better qualifications by submitting to the Government for review and clearance a copy of the proposed candidate’s Curriculum Vitae (CV). If the Government does not object in writing (stating the reasons for the objection) within twenty-one (21) days from the date of receipt of the CV, the Expert in question shall be deemed to have been cleared by the Government.

(b) If the Government (i) finds that any of the Experts has engaged in serious misconduct or (ii) has reasonable cause to be dissatisfied with the performance of any of the Experts, then FAO shall, at the Government’s written request specifying the grounds therefore, propose as a replacement a person with equivalent or better qualifications as described in sub-paragraph (a) above. The above is without prejudice to any privileges and immunities that may apply.

 Documents Prepared by FAO

10. All plans, drawings specifications, designs, reports, other documents and software prepared by FAO for the Government under this Agreement shall belong to the Government and FAO. FAO shall, upon termination or expiration of this Agreement, deliver all such documents to the Government, together with a detailed inventory thereof. All ownership and title to any intellectual property rights resulting from FAO services under this Agreement, including but not limited to, copyright and patent rights of any work developed by FAO shall be jointly owned by the Government and FAO. Each party shall have the right to exercise all rights of ownership without consent or permission from the other party, nor liability for such exercise of ownership rights by the other party.

Materials and Equipment

11. The purchase by FAO of any materials or equipment that are necessary to provide the Technical Assistance, using funds provided by the Government under this Agreement, will be done according to FAO’s established procurement rules, regulations, policies, and procedures. FAO will consult with the Government as to the specifications and delivery schedules for the materials and equipment set forth in **Annex V**. The cost of equipment and materials purchased under this Agreement should not exceed twenty five (25) percent of the Total Funding Ceiling. Any increase above twenty five (25) percent shall be subject to the prior approval of IDA/IBRD.

12. The Government and FAO will agree on the timing and modality of the transfer of ownership of any materials and equipment procured by FAO under this Agreement. Any materials and equipment made available to FAO by the Government will remain the property of the Government.

Insurance

13. FAO will ensure that insurance is maintained against the following risks: third-party liability and third-party motor vehicle liability; workmen’s compensation or equivalent; and all-risk insurance against loss of or damage to equipment and materials purchased in whole or in part with funds provided under this Agreement until transferred to the Government .The costs of such insurance shall be financed under this Agreement.

**Article III**

**Government Support to Implementation of this Technical Assistance**

**Payment of Amounts Owing under This Agreement; Total Funding Ceiling**

1. The Government intends to apply a portion of the proceeds of the [Credit/Loan, Grant] up to an amount of [amount in words] ([amount in figures]), the Total Funding Ceiling, to eligible payments under this Agreement. The estimated budget for the Technical Assistance is set out in **Annex III**, which shows FAO’s good faith best estimate as of the date of that estimate of the total cost for carrying out the activities under the Technical Assistance, and is understood to include any tax obligation that may be imposed on the Experts.
2. The Government will be responsible for all payments under this Agreement. The Government’s decision to use all or part of the [Credit/Loan/Grant] to make payment of amounts owing under this Agreement in no way affects the Government’s obligation to make timely and complete payment of all amounts owing under this Agreement.
3. It is understood that (a) disbursements up to the Total Funding Ceiling will be made by IDA/IBRD on behalf of the Government; (b) disbursement by IDA/IBRD will be made only at the request of the Government and upon approval by IDA/IBRD; (c) such disbursements will be subject, in all respects, to the terms and conditions of the [Credit/Loan/Grant] Agreement; and (d) no party other than the Government shall derive any rights from the [Credit/Loan/Grant] Agreement or have any claim to the [Credit/Loan/Grant] proceeds.
4. FAO shall not be required to commence or continue the provision of the technical assistance set out in a work plan until the payments in the corresponding payment request referred to in Article III, paragraph 12 have been received by FAO and it shall not be required to assume any liability in excess of the funds paid into the ledger account.

Expenditures Eligible for Payment

5. The Parties agree that the costs of implementing the Technical Assistance will include: (a) FAO’s Direct Costs which are considered necessary for the implementation of the Work Plan. Such costs shall include but not be limited to FAO’s actual expenditures in respect of Experts, Consultants, Contracts, Travel, Training, Equipment, Technical Support Services and General Operating Expenses; and (b) the FAO Project Servicing Costs.

Currency of Payment

6. All payments to FAO will be made in United States dollars.

**Financial Matters: IDA/IBRD Disbursement of Funds to FAO**

Step 1: Government Files Blanket Withdrawal Application Equal to the Total Funding Ceiling

7. As soon as both the Government and FAO have signed this Agreement, the Government will send to IDA/IBRD, with a copy to FAO, a blanket withdrawal application for an amount equal to the Total Funding Ceiling. The blanket withdrawal application will instruct IDA/IBRD to make direct payment to FAO of all amounts requested by FAO in accordance with this Agreement up to the Total Funding Ceiling and to do so (a) by wire transfer of United States dollars in immediately available funds; (b) within ten (10) days of receiving a request for payment; and (c) to such account as FAO nominates.

8. The Government will further instruct IDA/IBRD, when making such transfers, to notify the FAO Finance Division, Project Accounting Group (PAG) by e-mail to CSFE-Correspondence@fao.org of the following: (a) the amount transferred; (b) the value date of the transfer; (c) that the transfer is from IDA/IBRD for posting to the Account referred to in the Payment Request; and (d) the date of the Payment Request and the Project number.

9 The Government will notify FAO as soon as it receives notice from IDA/IBRD that this blanket withdrawal application has been received by IDA/IBRD in good order and accepted by IDA/ IBRD.

Step 2: FAO Prepares the Work Plan and Estimated Expenditures

10. FAO will prepare and submit to the Government the Work Plan as specified in Article II, Paragraph 3, together with the related estimated expenditures.

Step 3: Government Reviews and Accepts the Work Plan

11. The Government will advise FAO in writing whether it accepts the Work Plan.

Step 4: FAO Delivers Payment Request

12. Within ten (10) days of receipt by FAO of the Government’s written acceptance of the Work Plan, FAO will send the IDA/IBRD on behalf of the Government a Payment Request. The template for a Payment Request is set out in **Annex VIII** to this Agreement. The Payment Request will cover the full amount set out in the corresponding Work Plan.

13. Thereafter, FAO shall submit semi-annual Payment Requests to IDA/IBRD, with copy to the Government, reflecting expenditures during the previous six (6) months and estimated expenditures for the ensuing six (6) months, less any payments previously received (including any interest earned on payments previously received) or in transit in respect of that period.

Step 5: The IDA/ IBRD Disburses Funds to FAO

14. FAO will maintain a separate identifiable ledger account (“*[number of project] [name of project]”)*, to which all FAO receipts and disbursements for the purposes of providing the Technical Assistance will be recorded.

15. In accordance with the instructions in the blanket withdrawal application referred to in Article III, paragraph 7 above, IDA/IBRD will pay to FAO the full amount set out in each Payment Request, by wire transfer of United States dollars in immediately available funds, within ten (10) days of receiving it and will do so to the FAO account as designated in the Payment Request.

16. Payments by IDA/IBRD to FAO shall not prejudice the Government’s right to dispute any amount claimed by FAO and to instruct IDA/IBRD to adjust any future payment by the amount in dispute and inform FAO accordingly. The Government also retains the right to terminate this payment arrangement by notice in writing to FAO and IDA/IBRD and to advise IDA/IBRD of agreed changes to the Total Funding Ceiling of Technical Assistance as specified in **Annex III** to this Agreement.

**Further Support by the Government**

Counterpart Staff

17. The Parties acknowledge the Government’s commitment to the successful implementation of the Agreement within the overall framework of the implementation of the Agreement and to that end the Government will provide qualified staff as set forth in **Annex IX**.

**Article IV**

**Financial Records and Reports**

**Reporting**

1. FAO will keep accurate accounts and records in respect of the funds made available under this Agreement, in accordance with FAO’s Financial Regulations and Rules and in such form and detail as will clearly identify all relevant charges and costs.

1. FAO will furnish a “Financial Utilization Report” (which for FAO means the FAO Financial Statement of Expenditure) confirmed by the Director, Finance Division (or his/her designee) to the Government with a copy to IDA/IBRD, for each six (6) months of the term of this Agreement, relating to the periods: (a) 1 January to 30 June, and (b) 1 January to 31 December. The Financial Utilization Report will be due within sixty (60) calendar days of the end of the reporting period to which it relates. The Financial Utilization Report will be expressed in United States dollars. The exchange rate used for converting expenditures in other currencies will be the UN Operational Rate of Exchange.
2. The template for the Financial Utilization Report is set out in **Annex IX** to this Agreement. The Financial Utilization Report will set out (a) the total amount of funds received in the FAO *[name of country] [name of project*] Account; (b) expenditures (understood to mean for purposes of this Article IV, disbursements/actual charges and commitments) in connection with the activities carried out under the Technical Assistance during that reporting period; and (c) the balance in the FAO Account at the end of the reporting period.

4. Upon request from the Government following consultations between FAO and the Government, FAO may furnish to the Government a supplement to any particular Financial Utilization Report (a “Supplemental Status Report”), setting out the expenditures incurred by FAO during the reporting period in respect of this Agreement.

**Financial Matters after Completion/Termination of the Technical Assistance**

5. Final Accounts will be delivered in accordance with the following paragraphs:

(a) FAO will prepare a statement of account to be forwarded to the Government, covering the total cost under this Agreement. This statement will be provided within six months (6) months after the completion of the activities under this Agreement and the final disbursement/actual charge by FAO under this Agreement.

(b) The statement of account will be expressed in United States dollars.

(c) In the event that the statement of account indicates a balance of funds in favor of the Government, the Government shall consult with IDA/IBRD and provide payment instructions to FAO with respect to such balance. Payments will be made within thirty (30) calendar days of FAO receiving the relevant payment instructions with necessary bank account details from the Government.

(d) In the event that the statement of account indicates a balance remaining in favor of FAO and notwithstanding any agreed specific payment arrangement such as payment by a third party, the Government will be responsible for ensuring payment of such amounts within thirty (30) calendar days of receipt of the statement of account.

(e) FAO shall retain until at least three (3) years after the termination/ completion of this Agreement all records (contracts, invoices, orders, bills, receipts and other documents) relating to the Technical Assistance.

**FAO Programmatic Reporting**

6. FAO will submit to the Government the reports specified in **Annex VII** hereto, in the numbers and within the time periods set forth in said Annex. In addition, FAO will furnish to the Government a narrative programmatic report summarizing the activities carried out under the Agreement up until the date of each such report; identifying any problems in implementation up until that date; and assessing the results achieved against the objectives of this Agreement.

**Article V**

**Force Majeure**

 Either Party prevented by force majeure from fulfilling its obligations shall not be deemed in breach of such obligations. The said Party shall use all reasonable efforts to mitigate consequences of force majeure. At the same time, the Parties shall consult with each other on modalities of further execution of the Agreement. Force majeure as used in this Agreement is defined as natural catastrophes such as but not limited to earthquakes, floods, cyclonic or volcanic activity; war (whether declared or not), invasion, act of foreign enemies, rebellion, terrorism, revolution, insurrection, military or usurped power, civil war, riot, commotion, disorder; ionizing radiation or contaminations by radio-activity; and other acts of a similar nature or force.

Article VI

**Term and Termination**

**Term of Agreement**

1. This Agreement will become effective upon the date of its signature by both the Government and FAO whichever is last, (the “Effective Date”) and will remain effective until [\_\_\_\_\_\_\_\_\_\_\_], unless otherwise extended by written agreement between the Parties or terminated sooner in accordance with this Agreement. This Agreement may be terminated by either Party upon sixty (60) days’ written notice to the other.

**Termination**

2. Upon receipt by one Party of the other Party’s written notice of termination of this Agreement, the Parties will take all reasonable and necessary measures to conclude the implementation of this Agreement and wind up their activities in an orderly manner. Without limiting the generality of the foregoing;

1. FAO shall not be required to carry out any activity in relation to the Work Plans of this Agreement, which has been accepted by the Government but for which a Payment has not been issued; and
2. FAO shall prepare Final Accounts in accordance with Article IV, paragraph 5 of this Agreement, as promptly as possible.

3. The provisions of this Agreement will survive expiration or termination to the extent necessary to permit an orderly settlement of accounts between the Parties.

**Early Termination**

Termination by the Government

4. Upon the occurrence of any of the following events the Government may, after consultation with FAO and the Association or the Bank, as the case may be, terminate this Agreement, by not less than thirty (30) days’ written notice of termination to FAO:

1. If, as the result of force majeure, FAO is unable to perform a material portion of the Technical Assistance for a period of not less than sixty (60) business days;
2. If FAO is in material breach of any of its material obligations under this Agreement and has not remedied the same within sixty (60) days (or such longer period as the Government may have subsequently agreed to in writing) following the receipt by FAO of the Government’s notice specifying such breach; or
3. If the Government, in the public interest, decides to terminate implementation of this Agreement.

Termination by FAO

5. Upon the occurrence of any of the following events, FAO may, after consultation with the Government and the Association or Bank, as the case may be, terminate this Agreement by not less than thirty (30) days’ written notice to the Government:

1. If FAO fails to receive payment of the full amount set forth in any Payment Request that is not disputed by the Government, within thirty (30) days of the date of such Payment Request;
2. If the Government fails to pay any other monies due to FAO pursuant to this Agreement that are not disputed by the Government, within sixty (60) days after receiving written notice from FAO requesting payment;
3. If, as the result of force majeure, FAO is unable to perform a material portion of the Technical Assistance for a period of not less than sixty (60) days; or
4. If the Government is in material breach of its material obligations under this Agreement and has not remedied the same within sixty (60) days (or such longer period as FAO may have subsequently agreed to in writing) following the receipt by the Government of FAO's notice specifying such breach.

**Actions Upon Termination**

Cessation of Rights and Obligations

6. Upon termination of this Agreement, all rights and obligations of the Parties hereunder shall cease, except (i) such rights and obligations as may have accrued on the date of termination; and (ii) FAO's obligation set forth in Article IV, paragraph 5 above; and (iii) either Party’s continuing rights provided by this Agreement including but not limited to FAO’s rights set out in Article II, paragraph 9 above.

Payments to FAO

7. Upon termination of this Agreement, the Government will cause the following payments to be made to FAO: (a) payments pursuant to Article III in connection with obligations incurred in the implementation of the Technical Assistance (including obligations to FAO Experts and Consultants) in accordance with the terms and conditions of this Agreement prior to the effective date of termination; and (b) reimbursement of any reasonable cost incurred and incidental to the prompt and orderly termination of the Agreement .

**Article VII**

**Transparency**

1. The FAO *[name of country] [name of project*] Account shall be subject exclusively to internal and external audit in accordance with FAO’s Financial Regulations and Rules. The Parties acknowledge that FAO’s financial books and records are routinely audited in accordance with the internal and external auditing procedures laid down in FAO’s financial regulations and rules, and that the External Auditors of FAO are appointed by and report to the Governing Bodies of FAO, of which the Government is member. Throughout the term of this Agreement, FAO will provide to the Government, with a copy to IDA/IBRD, copy of the audited accounts of FAO and the External Auditors’ Report thereof within ten (10) days of these becoming public documents by reason of being presented to the FAO Finance Committee.
2. In the event that the Government, FAO, or IDA/IBRD becomes aware of information that indicates the need for further scrutiny of the implementation of the Technical Assistance or use of the funds provided by the Government pursuant to this Agreement (including non-frivolous allegations that reasonably indicate the possibility that corrupt, fraudulent, coercive or collusive practices may have occurred), the entity that has become aware of such information will promptly notify the other two.

(b) This information will be brought promptly to the attention of the appropriate official or officials at the Government, FAO, and IDA/IBRD (which in the case of FAO is the Inspector General of FAO).

(c) Following consultation with the Government and IDA/IBRD, FAO will, to the extent the information relates to actions within the authority or accountability of FAO, take timely and appropriate action in accordance with its applicable regulations, rules, and administrative instructions, to investigate this information. For greater clarity on this matter, the Parties agree and acknowledge that FAO shall have no authority to investigate information relating to possible corrupt, fraudulent, coercive or collusive practices by Government officials or by officials or consultants of IDA/IBRD.

(d) To the extent such investigation confirms that corrupt, fraudulent, collusive or coercive practices have occurred and to the extent that remedial action is within the authority of FAO, FAO will take timely and appropriate action in response to the findings of such investigation, in accordance with its accountability and oversight framework and established procedures, including its Financial Regulations and Rules, where applicable.

(e) To the extent consistent with FAO’s accountability and oversight framework and established procedures, it will keep the Government and IDA/IBRD regularly informed by agreed means of actions taken pursuant to this Article VII, paragraph 2, and the results of the implementation of such actions, including where relevant, details of any recovered amounts. Such recovered amounts, if any, shall be applied in the calculation of the final balances in the [name of country] [name of project] Account referred to in Article IV, paragraph 5 above, or if such amounts are recovered after the date of the calculation and transfer of such final balances, the Government will consult with IDA/IBRD and provide payment instructions to FAO with respect to such amounts.

(f) For the purposes of this Agreement, the following definitions shall apply:

(i) “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

(ii) “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

(iii) “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(iv) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

2. In the event that the Government or IDA/IBRD reasonably believes that FAO has not complied with the requirements of Article VII, paragraph 1 above, the Government or IDA/IBRD may request direct consultations at a senior level between IDA/IBRD, the Government and FAO in order to obtain assurances, in a manner consistent with FAO’s oversight and accountability framework and respecting appropriate confidentiality, that FAO’s oversight and accountability mechanisms have been or will be fully applied. Such direct consultations may result in an understanding between the Government, IDA/IBRD, and FAO, on any further actions to be taken and the timeframe for such actions. The Parties take note of Article XII of the Financial Regulations (“External Audit”), incorporated into the FAO Basic Texts

1. The Government confirms that no official of FAO has received or will be offered by the Government any benefit arising from this Agreement. FAO confirms the same to the Government. The Parties agree that any breach of this provision is a breach of an essential term of this Agreement.
2. The Parties agree and acknowledge that nothing in this Article VII shall be deemed to waive or otherwise limit any right or authority of IDA/IBRD or any other entity of the World Bank Group as set out in Section I of the applicable version of the Procurement Guidelines and the Guidelines for the Selection and Employment of Consultants, respectively, and incorporated by reference into the Credit/Loan/Grant Agreement, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, collusive or obstructive practices by any third party, or to sanction or take remedial action against any such party which the World Bank Group has determined to have engaged in such practices; provided however that in this Article VII, “third party” does not include FAO. To the extent consistent with FAO’s oversight framework and established procedures, and if requested by IDA/IBRD, FAO shall cooperate with IDA/IBRD or such other entity in the conduct of such investigations.
3. (a) FAO requires any party (including, but not limited to, Consultants and Experts) with which it has a long-term arrangement or to which it intends to issue a purchase order or contract to disclose to FAO whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group. FAO will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts in connection with the provision of the TA or, the procurement of equipment or materials, if any, under this Agreement.

(b) If FAO proposes to issue a contract in connection with the procurement or delivery of any of the TA activities under this Agreement with a party which has disclosed to FAO that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) FAO will so inform the Government, with a copy to IDA/IBRD, before signing such contract; (ii) the Government and IDA/IBRD then may request direct consultations at a senior level between IDA/IBRD, the Government and FAO to discuss FAO’s decision; and (iii) IDA/IBRD may thereafter inform FAO by notice, with a copy to the Government, that funds disbursed to it under Article III of this Agreement may not be used to fund such contract.

(c) Any funds received by FAO from IDA/IBRD under Article III of this Agreement that were to be used to fund a contract in respect of which IDA/IBRD has exercised its rights under Article VII, paragraph 5(b)(iii) above, shall be used to defray the amounts requested by FAO in any subsequent Payment Request, if any, or will be treated as a balance in favor of the Government in the calculation of the final balances in the [name of country] [name of project] Account and treated in accordance with Article IV, paragraph 5 (c) of this Agreement.

## **Article VIII**

## **Interpretation; Privileges and Immunities;**

## **Settlement of Disputes between the Parties**

1. The Government shall apply to FAO, its property, funds and assets, and to its staff, the provisions of the Convention on the Privileges and Immunities of the Specialized Agencies. The Government shall grant the same privileges and immunities contained in the Convention to all other persons performing services in connection with the execution of the Agreement on behalf of FAO.
2. The Government shall deal with any claim arising from the execution of this Agreement, which may be brought by third parties against FAO or its staff, or against any person performing services on behalf of FAO, and shall hold them harmless in respect of any such claim or liability, unless the Government and FAO should agree that the claim or liability arises from gross negligence or willful misconduct on the part of the individuals mentioned above.

3. Nothing contained in or relating to this Agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of FAO under the FAO Constitution, the Convention on the Privileges and Immunities of the Specialized Agencies or any other international agreement.

4. This Agreement shall be governed by the UNIDROIT General Principles of International Commercial Contracts 2010. Any dispute relating to the interpretation or application of this Agreement shall, unless amicably settled, be subject to conciliation. In the event of failure of the latter, the dispute shall be settled by arbitration. The arbitration shall be conducted in accordance with the modalities to be agreed upon by the parties or, in the absence of agreement, with the rules of arbitration of the International Chamber of Commerce. The parties shall accept the arbitral award as final.

**Article IX**

**Miscellaneous**

**Relation between the Parties**

1. Nothing contained in this Agreement will be construed as establishing a relation of principal and agent between the Government and FAO. No agent or representative of either Party has authority to make, and the Parties shall not be bound by or be liable for, any statement, representation, promise or agreement not set forth herein.

**Language**

2. This Agreement has been executed in English, which will be the binding and controlling language for all matters relating to the meaning or interpretation of this Agreement.

**Headings**

3. The headings contained in this Agreement are for reference purposes only, and will not limit, alter or affect the meaning or interpretation of this Agreement.

**Authorized Representatives**

4. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement by the Government or FAO may be taken or executed by the authorized representatives as follows:

1. If by the Government

The Project Director, Project Coordination Unit, Ministry of []

(b) If by FAO:

in [name of country].

**Notices**

5. Any notice, request or consent required or permitted to be given or made pursuant to this Agreement will be in writing, and addressed and delivered in person with written acknowledgment of receipt or sent by registered mail or facsimile to such Party as follows:

1. If to the Government:

 Ministry of []

 [ ]

 [ ]

 tel: [ ]

 fax: [ ]

 Attn: The Director, Project Coordination Unit, Ministry of []

 (b) If to FAO:

FAO [name of country] Country Office

[ ]

[ ]

[ ]

[ ]

tel: [ ]

fax: [ ]

Attn: The FAO Representative in [name of country]

**Notices to the Association or Bank**

6. Any notice, request or consent required or permitted to be given or made to the Association or Bank, as the case may be, pursuant to this Agreement will be in writing, and sent by registered mail or facsimile as follows.

[International Development Association][International Bank for Reconstruction and Development]

1818 H Street, N.W.

Washington, D.C. 20433

United States of America

tel: [ ]

fax: [ ]

**Notices Effective**

7. Notices will be deemed to be effective as follows:

1. in the case of personal delivery, on delivery as per date of the written acknowledgement;
2. in the case of registered mail, fourteen (14) days after being sent;
3. in the case of facsimiles, forty-eight (48) hours following confirmed transmission.

Any such notice, request or consent shall be deemed to have been given or made when delivered in person to an authorized representative of the Party to whom the communication is addressed, or when sent to such Party at the address specified in paragraph 5 above.

**Amendment and Modification**

8. FAO *[name of country] [name of project*] Account This Agreement may be amended or modified only by written agreement of the Parties, and any substantial modification or amendment agreed between the Parties will become effective only upon notification by the Government to FAO that the Association or Bank, as the case may be, has approved such modification or amendment.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed in their respective names as of the day and year first above written.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement.

|  |  |
| --- | --- |
| The Government of [ ]By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: [ ]Title: [ ]Date : [ ] | The Food and Agriculture Organization of the United NationsBy: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: [ ]Title: Date : [ ] |

Annex I

 Description of the Technical Assistance

This Annex should describe the following:

1. The objectives and expected results of the TA.
2. Description of all main activities (or tasks) to be carried out by FAO.

Annex II

Action Plan

This Annex should include the following:

1. Main activities of the TA, their contents and duration, phasing and interrelations, milestones, place of performance for different tasks, and preliminary delivery dates of the reports.

2. The structure and composition of the FAO team (Experts and Consultants) proposed to complete all the activities under the TA Agreement.

Annex III

Estimate of Total Cost of the Technical Assistance

(Total Funding Ceiling)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Account** | **Year 1** | **Year 2** | **Year 3** | **Total** |
|   |   |   |   |   |   |   |   |   |
| **Budget** |   |   |   |   |   |   |   |   |
| Staff Costs  |  |   |   |   |   |   |   |
| Salaries  |   |  |   |   |   |   |  |
| Professional  |   |   | 5300 |  |   |   |   |
| General Service ( support staff) |   |   | 5500 |  |   |   |   |
| Total  |   |   |  |   |   |   |   |
| Overtime  |   |  | 5660  |  |   |   |   |
| Total Staff Costs  |   |  |   |   |   |   |   |
|   |   |   |   |   |   |   |   |
| Consultants  |   |   |  | 5570  |   |   |   |  |
| Contracts  |   |   |  | 5650  |   |   |   |  |
| Travel  |  |   |   | 5900 |   |   |   |   |
| Training  |  |   | 5920  |  |   |   |   |
| Material and Equipment  |  |   |   |   |   |   |   |  |
| Expendable ( seeds fertilizers, all non reusable supplies)  |   |  |  | 6000  |   |   |   |  |
| Non-expendable ( reusable supplies ( cameras, computers)  |   |  |  | 6100  |   |   |   |  |
| Total  |   |  |   |   |   |   |   |   |
| Technical Support Services(Includes FAO staff back stopping the project, project evaluation (when required), production of final report).  |  |  |   | 6150  |   |   |  |  |
| General Operating Expenses  |  |  | 6300  |   |   |   |  |
|   |   |   |   |   |   |   |   |
|  Support Costs |   |   |  6130 |   |   |  |  |
|   |   |   |   |   |   |   |   |   |
|  Total Budget |  |   |   |  |   |   |   |

The term “Support Costs” means the fee charged by FAO for the administrative services and operational costs incurred in the implementation of the Project, including costs associated with recruitment, procurement and contract management, budgeting, accounting and reporting, custody of funds and non-technical Project supervision.

Should the budget accounting format be revised within FAO, the reporting format may also be modified. Any change to Annexes III and IX will be discussed with the Bank and agreed to in writing before being used.

Annex IV

Work Plan

(should be consistent with the technical approach

and methodology as described in the Action Plan)

|  |  |  |
| --- | --- | --- |
| **N°** | **Activity**1 | **Months**2 |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 |  |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |  |
| 3 |  |  |  |  |  |  |  |
| 4 |  |  |  |  |  |  |  |
| 5 |  |  |  |  |  |  |  |
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FAO Experts and Consultants

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Staff input (in the form of a bar chart)**( **months)** | **Total Staff Months** |
| **N°** | **Name of Staff** | **Area of Expertise** | **Activity/ Position Assigned** | **1** | **2** | **3** | **4** | **5** | **6** | **Home** | **Field** | **total** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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Annex V

Materials and Equipment

Annex VI

Working Hours and Holidays for FAO Experts

FAO Experts will follow FAO’s procedures in the duty station country

( In this Annex FAO officers should provide the specific hours and holidays for the Country)

Annex VII

Reports and Documents to be Submitted by FAO

  Annex VIII

Form of Semi-Annual Payment Request

## **Name of Project**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**IBRD Loan/IDA Credit No** ­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

### Claim for Calendar Period

Beginning ………… and ending …………

Please pay \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (currency name) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (amount to be paid in figures)

**1 Total amount of funds received from IBRD/IDA USD\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**2 Total amount paid by [UN Agency] for goods and/or**

 **services provided to the client**

1. Staff costs \_\_\_\_\_\_\_\_
2. Consultants \_\_\_\_\_\_\_\_
3. Travel \_\_\_\_\_\_\_\_
4. Training \_\_\_\_\_\_\_\_
5. Material and equipment \_\_\_\_\_\_\_\_
6. Expendables \_\_\_\_\_\_\_\_
7. Non-expendables \_\_\_\_\_\_\_\_
8. Technical support services \_\_\_\_\_\_\_\_
9. General operating expenses \_\_\_\_\_\_\_\_
10. Support costs \_\_\_\_\_\_\_\_

 **USD**

**3 Line 1 minus line 2 USD\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. **Estimated amount to be paid on behalf of the client**

**during the forthcoming six month period**

**beginning …………… and ending …..………**

1. Staff costs \_\_\_\_\_\_\_\_
2. Consultants \_\_\_\_\_\_\_\_
3. Travel \_\_\_\_\_\_\_\_
4. Training \_\_\_\_\_\_\_\_
5. Material and equipment \_\_\_\_\_\_\_\_
6. Expendables \_\_\_\_\_\_\_\_
7. Non-expendables \_\_\_\_\_\_\_\_
8. Technical support services \_\_\_\_\_\_\_\_
9. General operating expenses \_\_\_\_\_\_\_\_
10. Support costs \_\_\_\_\_\_\_\_

 **USD**

**5 Present requirement of funds from IBRD/IDA**

 **(line 4 minus 3) USD\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

##### Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Name and title)

ANNEX IX

TEMPLATE for Financial STATEMENT OF EXPENDITURE

Statement of Expenditure

Reporting Period from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Currency)



 We hereby certify that the above amounts have been paid for the proper execution of the Project in accordance with the terms and conditions of the Grant Agreement in respect of the Project in reference. All documentation authenticating these expenditures has been retained by FAO and will be available to FAO External Auditors for examination in the course of the audit of FAO’s Financial Statements.

 Certified by:

 Name and Title: Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Annex X

Counterpart Staff, Services, Facilities and Property to Be Provided by the Government

The extent and timing of provision of counterpart staff and of facilities should be agreed upon. All equipment and supplies required for carrying out the services and all necessary surveys should be identified, agreed upon, and included in this Agreement.

Annex XI

Project Servicing Costs

SUPPORT COSTS

SUMMARY OF CURRENT POLICY ON PROJECT SERVICING COST RATES

Table 1: Matrix of Activities by Funding Source and Type

|  |  |  |  |
| --- | --- | --- | --- |
| **Funding Source**  | **Technical Assistance (TA)** | **Emergency****Assistance** | **Normative Programmes and Other RP Activities** |
| **National Funding** | [**Donor Contributions**](file:///C%3A%5CUsers%5CUsers%5Cwb147670%5CAppData%5CLocal%5CTemp%5CnotesCD0F05%5CSUPPORT%20COSTS.htm#TADC#TADC) | [**Donor Contributions**](file:///C%3A%5CUsers%5CUsers%5Cwb147670%5CAppData%5CLocal%5CTemp%5CnotesCD0F05%5CSUPPORT%20COSTS.htm#EmergemcyAssistance#EmergemcyAssistance) | [**FAO RP Normative Activities inc. Commissions**](file:///C%3A%5CUsers%5Cwb147670%5CAppData%5CLocal%5CTemp%5CnotesCD0F05%5CSUPPORT%20COSTS.htm#RPNormative#RPNormative) | [**Jointly Funded Activities**](file:///C%3A%5CUsers%5CUsers%5Cwb147670%5CAppData%5CLocal%5CTemp%5CnotesCD0F05%5CSUPPORT%20COSTS.htm#JointlyFunded#JointlyFunded) |
| Extra-budgetary | 13% ceiling (see text below for exceptions) | 13% ceiling  (see text below for exceptions) | 10% ceiling | 13%  (see text below for exceptions) | As per MoU |
| Regular Programme | TCP and SPFS: ceiling of 7% TSS Days times standard cost per day | TCP 7% ceiling | FAO Regular Programme | FAO Regular Programme |

The following notes apply these principles to the each of the categories of program defined in Table 1 above.

EXTRA-BUDGETARY PROGRAMMES

***Technical Assistance – National Funding/Government Cost Sharing***

These are defined as technical assistance projects in the field which are funded by the Government of the recipient country, including those which are funded through loans from international financing institutions.

In principle, such projects should reimburse the variable indirect support costs associated with the project. Standard rates are not to exceed a ceiling rate (currently 13%) but can be adjusted where appropriate for special circumstances:

* high proportions of contracts, supplies and equipment requiring minimal AOS costs (current Manual Section 250 provisions to continue to apply[[1]](file:///C%3A%5C%5CDocuments%20and%20Settings%5C%5CAbrina%5C%5CMy%20Documents%5C%5Caos%5C%5CSUPPORT%20COSTS.htm%22%20%5Cl%20%22_ftn1#_ftn1" \o "));
* national execution in whole or in part;
* inclusion of project support costs in the project budget as direct project costs;
* other cost sharing or complementary support arrangements;
* contributions to reimburse for Technical Support Services in the form of FAO staff time in cases where funding is entirely or largely for this purpose are exempt from indirect support costs charges; and
* exceptionally large projects when economies of scale apply.

***Technical Assistance - Donor Contributions***

These are defined as technical assistance projects in the field which are funded by a third party other than FAO or the recipient Government.

 In principle, such projects should reimburse the variable indirect support costs associated with the project. Standard rates are not to exceed a ceiling rate (currently 13%) but may be adjusted where appropriate for special circumstances:

* rates established by inter-governmental bodies of the UN system organizations (including the international financial institutions);
* high proportions of contracts, supplies and equipment requiring minimal AOS costs (current Manual Section 250 provisions to continue to apply);
* Associate Professional Officers (APOs) which are charged a fixed rate of 12%;
* inclusion of project support costs in the project budget as direct project costs;
* contributions to reimburse for Technical Support Services in the form of FAO staff time in cases where funding is entirely or largely for this purpose are exempt from indirect support costs charges; and
* exceptionally large projects when economies of scale apply.

***Emergency Assistance***

FAO emergency assistance is defined as a situation where an urgent and exceptional external response is needed in the agriculture sector to address the impact of a particular disaster, natural or man-made. If a project is characterized as an emergency, the request follows the "fast track" and is operationally treated as such. Generally, "prevention" and "preparedness" are not within the meaning of "emergency" for project operational purposes.

The ceiling rate for emergency assistance projects is 10%. Rates for emergency assistance are to be determined on a case-by-case basis to recover the full variable indirect support cost of the project. When Emergency Operations and Rehabilitation Division (TCE) operates technical assistance projects because of special situations, the reimbursement rates for technical assistance shall apply.

***Regular Programme Normative Activities***

These are defined as voluntary contributions which directly support the implementation of Regular Programme activities. Such activities will generally be normative in nature and be implemented at HQ or at a Regional Office rather than directly in the field.

 A standard PSC rate of 13% will apply.

 Such rates can be adjusted to reflect the impact of certain special circumstances:

* contributions to cover the travel cost of participants from developing countries to conferences and consultations on matters within FAO's mandate will be exempted from indirect support cost charges;
* sponsorship funds in support of awareness raising and/or promotional events will be used to cover the identifiable direct costs of these activities and as such, are not subject to project servicing costs;
* contributions to FAO for the refurbishment and improvement of FAO premises (both at HQ and in Regional and Sub-regional Offices) are exempt from PSC charges;
* Associate Professional Officers (APOs) which are charged a fixed rate of 12%; and
* long-term trust fund accounts (e.g. Commissions established under the auspices of FAO) will be subject to a case by case estimate of the actual level of variable indirect support costs and charged accordingly.

***Jointly Funded Activities***

These arrangements cover activities which are part of the Regular Programme and are usually normative in nature. They are defined as partnership arrangements between FAO and other inter-governmental organizations including, in particular, UN system organizations.

 The special nature of these partnership arrangements will be recognized and translates into an agreement to share direct costs in a manner appropriate to the joint activity's contribution to the strategic objectives of the Organization. Variable indirect costs are generally to be funded by the host organization although recognition of this fact should generally be given in the Memorandum of Understanding and related cost sharing formulae.

It is noted that an FAO-GEF Agreement is under negotiation and will probably involve a flat fee system which is already in place between GEF and the pre-existing executing agencies. In the meantime, GEF-funded PDF Block B projects that have become operational have been granted Project Support Servicing of 6%, which should be sufficient to fully recover variable indirect support costs.  Pending finalisation of an FAO-GEF Agreement, PDF - Block B projects will be handled on a flexible basis and usually be charged about 6% PSC.

***REGULAR PROGRAMME***

***TCP and SPFS***

Regular Programme funded technical assistance (including emergencies) should, in principle, reimburse the variable indirect support costs incurred by "operating units" or their equivalent associated with the project (i.e. for operational services). This should be based on an average rate (currently 7%).

[[1]](file:///C%3A%5C%5CDocuments%20and%20Settings%5C%5CAbrina%5C%5CMy%20Documents%5C%5Caos%5C%5CSUPPORT%20COSTS.htm%22%20%5Cl%20%22_ftnref1#_ftnref1" \o ") Manual Section 250 -  Technical Assistance under Funds-in-Trust arrangements – Appendix A specifies the provisions for the operation of Trust Fund projects Administrative and Operational Services specifically when:

the “supplies/equipment” component represents an amount of 70% or more of the net project budget (that is excluding AOS costs), a PSC rate of 7% is applied to the whole project;

the “supplies/equipment” component represents an amount lower than 70% but higher than 40% of the net project budget, a PSC rate of 7% is applied to that budget component and the relevant PSC rate to the rest of the net project budget;

under the component “Contractual Services” an amount is included for an item where the responsibility of FAO is limited to transferring funds to the recipient government (or implementing agency as designated by the government) for projects inputs performed under government (or agency) supervision and without the organisation being concerned in technical or substantive aspects of expenditure, a 7% PSC rate may be applied to this element. The balance of project funds is then assessed in accordance with the formula set out in the case of “supplies/equipment”.