
A. TEXT OF THE ESTABLISHED MODEL FOR AN AGREEMENT

AGREEMENT between the United Nations Industrial Development Organization and the Government of [name of country] on the Establishment of a UNIDO Investment Promotion Service in [name of city].

WHEREAS the Constitution of the United Nations Industrial Development Organization (hereinafter referred to as "UNIDO") in defining its functions mandates UNIDO to assist developing countries:

"... in the development, expansion and modernization of their industries ... with special reference to the transfer of technology from the industrialized to the developing countries as well as among the developing countries themselves ... [with] special measures designed to promote cooperation in the industrial field among developing countries and between the developed and developing countries". [Article 2]

WHEREAS the Government of [name of country] (hereinafter "the Government") has informed UNIDO of its willingness to make a special-purpose contribution to the Industrial Development Fund (hereinafter "the IDF") to meet the costs of the UNIDO Investment Promotion Service in [name of city] (hereinafter "IPS");

WHEREAS it has been agreed between UNIDO and the Government that UNIDO shall be responsible under the terms of the present Agreement and the UNIDO financial regulations and rules for the management of the funds contributed by the Government for the IPS;

THEREFORE the Government and UNIDO hereby agree to enter into the following Agreement:

Article 1

Purpose of the Agreement

- 1.1 The purpose of the present Agreement is to establish and operate a UNIDO IPS in [name of city] in accordance with the objectives, recommendations and guidelines established by the UNIDO Policy-Making Organs for such Services.

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- 1.2. The IPS shall promote industrial investment to [other]* developing countries and countries with economies in transition [*as well as industrial investment from abroad to the host country*]*.
- 1.3. The IPS in [name of city] will be part of UNIDO's worldwide Network of IPSs and will use methodologies, mechanisms and softwares developed by UNIDO in the fields of industrial investment and technology transfer. UNIDO will operate and supervise the IPS in [name of city].
- 1.4. The functions, activities, operational methodologies, and administrative arrangements of the IPS in [name of city] are described in the attached TERMS OF REFERENCE (Annex A)** which form an integral part of the present Agreement.

Article 2

Funding arrangements for the IPS

- 2.1. The IPS shall be funded for renewable periods, each of a three-year duration, from the sub-account of the Government's special-purpose contribution to the IDF. Funds will be transferred, in accordance with the Schedule of Payments, in United States dollars or other convertible currencies of unrestricted use, to UNIDO OPF Account Number 0422-01004-00, Creditanstalt-Bankverein, Schottengasse 6, A-1010 Vienna, quoting "IPS [name of city]".

A budget showing cash and in-kind contributions will be established and agreed upon for each three-year period.

- 2.2. In order to meet the costs of the IPS, including programme support costs, UNIDO is authorized to draw from the special-purpose contributions the amounts indicated in a three-year Budget for the IPS (Annex B)*** and the Schedule of Payments (Annex C)****, both annexes constituting an integral part of the present Agreement. If there are insufficient funds in the sub-account for the Government's special-purpose contribution to meet the costs of the IPS, the Government shall, in accordance with the schedule of payments, deposit funds in United States dollars or other convertible currencies of unrestricted use to the above-mentioned UNIDO account number.

* Applicable for IPSs stationed in developing countries or countries with economies in transition.

** Section II.B of the present chapter contains two different texts of the TERMS OF REFERENCE applicable to IPSs stationed in developed countries and developing countries or countries with economies in transition, respectively.

*** See Section II.C. of the present chapter.

**** See Section II.D. of the present chapter.

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- 2.3. In the performance of the present Agreement UNIDO shall, under its applicable financial regulations and rules for the receipt and administration of the aforesaid funds (including interest accruing), establish an account within the sub-account for the Government's special-purpose contribution to the IDF, to be used exclusively for this specific IPS.
- 2.4. Such IPS account and the activities financed therefrom shall be administered by UNIDO in accordance with its applicable regulations, rules and administrative instructions. Accordingly, personnel shall be engaged and administered; equipment, supplies and services purchased; and contracts entered into in accordance with the provisions of such regulations, rules and administrative instructions. Interest shall be credited to the sub-account for the Government's special-purpose contribution in accordance with the financial regulations, rules and directives of UNIDO.
- 2.5. All financial accounts and statements shall be expressed in United States dollars and there shall be no accounting or reporting in other currencies. For the purpose of recording receipts and/or payments, all transactions shall be converted into United States dollars at the official United Nations accounting rate of exchange applicable at the date of receipt and/or payment.
- 2.6. The sub-account for the Government's special-purpose contribution and the activities financed therefrom will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules and administrative instructions of UNIDO.

Article 3

IPS Budget

- 3.1. The IPS account shall be charged with actual expenditures incurred by UNIDO in the performance of activities under the present Agreement and with an amount in United States for the programme support services provided by UNIDO for the operation of the IPS in line with the UNIDO financial rules and as specified in the IPS Budget.
- 3.2. The IPS account further shall be charged with an amount equivalent to one (1) per cent of the remuneration of net salary of persons, engaged by UNIDO and whose engagement is financed by the IPS account, to provide a reserve for coverage of any claim for service-incurred death, injury or illness, under the applicable UNIDO regulations and rules or contracts, which reserve cannot be refunded to the Government.
- 3.3. UNIDO shall commence and continue to conduct operations under the present Agreement upon receipt of a copy of the Agreement, signed by both parties, and upon receipt of sufficient funds in the sub-account for the Government's special-purpose contribution to the IDF to meet the Government's payment obligations as stipulated in Article 2, paragraphs 2.1 and 2.2 above.

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- 3.4. The Government undertakes to meet the actual cost of the IPS's operation detailed in the three-year Budget and UNIDO undertakes not to make any commitments not specified in the three-year Budget without the Government's written approval.
- 3.5. If UNIDO considers that changes between components and/or additional services not foreseen in the three-year Budget are required, UNIDO is authorized to carry out a budget revision within the approved budget for a particular year. If, however, the revised budget calls for additional financing, such a revision will be submitted to the Government for approval. Any amount of the annual contribution not spent at the end of the year will be carried forward to be used for covering IPS's expenditures during the following year.

Article 4

Personnel Arrangements

The staff of the IPS will be appointed by the Director-General of UNIDO in accordance with the regulations, rules and procedures of UNIDO. The Head of the IPS will be selected and appointed by the Director-General after consultation with the Government. UNIDO will supervise the IPS staff who will report only to UNIDO.

Article 5

Evaluation

Evaluation of the results of IPS activities described in the present Agreement, including joint evaluation by UNIDO and the Government, shall be undertaken and a provision for such an evaluation included in the three-year Budget.

Article 6

Financial Reporting

In addition to any reports specified in the TERMS OF REFERENCE, UNIDO shall provide the Government with the following statements and reports in the format normally followed by UNIDO for accounting and financial reporting:

- (a) An annual financial statement in respect of the sub-account for the Government's special-purpose contribution showing income, expenditures for the year and assets and liabilities as of 31 December with respect to the funds provided by the Government for the IPS;

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- (b) A final financial statement within six (6) months of termination or expiration of the present Agreement.

Article 7

Ownership of Equipment, etc.

Ownership of technical and other equipment, materials and supplies, financed from the funds contributed by the Government for the IPS shall vest in UNIDO. Following operational completion of the IPS, ownership of equipment, materials and supplies necessary for operation of the IPS shall be transferred to the Government. Databases, files and reports will be kept by UNIDO.

Article 8

IPS Account on Termination of the Agreement

- 8.1. On termination of the present Agreement, the IPS account shall remain open until all expenditures incurred have been satisfied. Any balance due to UNIDO under Article 3 shall be charged by UNIDO to the sub-account for the Government's special-purpose contribution to the IDF, and the Government will reimburse UNIDO for any negative balance in that account.
- 8.2. Upon submission of a final financial statement in accordance with Article 6, any surplus remaining in the IPS account shall be returned to the Government or disposed of as requested by the Government.

Article 9

Privileges and Immunities

In accordance with Article 21 of the Constitution of UNIDO, the Convention on the Privileges and Immunities of the United Nations (1946) shall apply to the UNIDO Investment Promotion Service in [name of city]. Accordingly, Article II of that Convention shall apply to the Service, its property, funds, assets, premises and archives, Article III to the communications of the IPS, Articles V and VII to UNIDO officials assigned to the Service and Articles VI and VII to the experts on mission for UNIDO in connection with the IPS.

Article 10

General Provisions

- 10.1. The present Agreement is concluded for an indefinite period on the understanding, however, that
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each party shall have the right to terminate it upon giving six (6) months' notice in writing to the other party.

10.2. The present Agreement may be modified by written agreement between the parties hereto. Such amendments shall comply with the recommendations of the Policy-Making Organs of UNIDO and the requirements of the Operational Manual for UNIDO's IPS Network.

10.3. The present Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in two copies in English at Vienna on this day of 199... and at [name of city] on this day of 199...

For the United Nations
Industrial Development Organizations

For the Government of
[name of country]

Director-General
