

**STANDARD LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME IN (BRAZIL) AND
THE "MINISTERIO DE FOMENTO DEL REINO DE ESPAÑA" THROUGH ITS PUBLIC
COMPANY INGENIERIA Y ECONOMIA DEL TRANSPORTE S.A TO CARRY OUT ACTIVITIES
WHEN UNDP PROVIDES SUPPORT SERVICES TO THE PROJECT BRA/13/013 –
"PROPOSIÇÃO DE MODELOS DE GESTÃO DA MELHORA DE EFICIÊNCIA ECONÔMICA
SOCIAL E AMBIENTAL PARA O PLANEJAMENTO DO SISTEMA DE TRANSPORTES
BRASILEIRO", EXECUTED UNDER THE NIM MODALITY WITH THE "EMPRESA DE
PLANEJAMENTO E LOGÍSTICA – EPL".**

Dear Sir/Madam,

1. Reference is made to the consultations between officials of the United Nations Development Programme in Brazil (hereinafter referred to as "UNDP Brazil") and officials of the "Empresa de Planejamento e Logística, EPL" with respect to the realization of activities by the "Ministerio de Fomento del Reino de España" in the implementation of UNDP support services to the project BRA/13/013, as specified in **Attachment 1: Project Document**, to which UNDP has been selected as responsible party.
2. In accordance with the LOA signed between the government implementing partner and UNDP for support services and with the following terms and conditions, we confirm our acceptance of the activities to be provided by the "Ministerio de Fomento del Reino de España" through its technical service and own resource its public company "Ingeniería y Economía del Transporte S.A – INECO" towards the project, as specified in **Attachment 2: Description of Activities (hereinafter referred to as "Activities")**. Close consultations will be held between the "Ministerio de Fomento del Reino de España", INECO and UNDP Brazil on all aspects of the Activities.
3. "INECO" 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 "INECO" shall not be considered in any respect as being the employees or agents of UNDP Brazil. UNDP Brazil does not accept any liability for claims arising out of acts or omission of "INECO" or its personnel, or of its contractors or their personnel, in performing the Activities under the project or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by "INECO", and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with "INECO", shall work under the supervision of the designated official of "INECO". These subcontractors shall remain accountable to "INECO" for the manner in which assigned functions are discharged.
6. Upon the signature of this Letter, UNDP Brazil will make payments to "INECO", according to the schedule of payments specified in **Attachment 3: Schedule of Activities, Facilities and Payments**.
7. "INECO" shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in the Attachment 3. "INECO" shall regularly consult with UNDP Brazil concerning the status and use of funds and shall promptly advise UNDP Brazil any time when "INECO" is aware that the budget to carry out those Activities is insufficient to fully implement the project the way set out in Attachment 2. UNDP Brazil shall have no obligation to provide "INECO" with any funds or to make any reimbursement for expenses incurred by "INECO" more than the total budget as set forth in Attachment 3.

8. "INECO" 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 standard UNDP expenditure report (a model copy of which is provided as **Attachment 4**). UNDP will include the financial report by the "INECO" in the financial report for Project BRA/13/013. UNDP reserves the right to resolve any doubts regarding this financial report and / or product before making disbursement under the terms provided for in Article 6 of this Letter Agreement.

9. Failure to comply with the specifications of item 8 above may result in the suspension of future payments to "INECO" until the settlement of the pendency.

10. "INECO" 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.

11. "INECO" shall furnish a final report within 6 months after the completion or termination of the Activities, including a list of non-expandable equipment purchased by "INECO" and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.

12. Equipment and supplies that may be furnished by UNDP Brazil or procured through UNDP BRAZIL will be disposed as agreed, in writing, between UNDP and the "INECO".

13. Any changes to the LOA between the government, implementing partner and UNDP for support services which would affect the work being performed by "INECO" in accordance with Attachment 2 shall be recommended only after consultation between the parties.

14. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the LOA for support services and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of "INECO" and UNDP.

15. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of Activities of "INECO" 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 "INECO" unless it receives written indication to the contrary from UNDP Brazil.

16. Any balance of funds that is unspent and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP Brazil.

17. Any amendment to this Letter shall be effected by mutual agreement, in writing,

18. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to:

Didier Trebucq
Country Director
UNDP – Brazil
Address: Setor de Embaixadas Norte (SEN), Quadra 802
Conjunto C, Lote 17
CEP: 700800-400
Brasília – DF

19 "INECO" shall keep the UNDP Country Director fully informed of all actions undertaken by them in carrying out this Letter.

20. UNDP shall suspend this agreement in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.

21. Any dispute between the UNDP and "INECO" 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.

22. Nothing in this Agreement or related thereto shall be deemed to be a waiver, express or implied, of the privileges and immunities of the United Nations, including its subsidiary bodies.

23. 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 your participation in the implementation of the project.

Yours sincerely,

Signed on behalf of UNDP Brazil

Didier Trebucq
UNDP Country Director
Date: 11/09/12

Signed on behalf of the "Ministerio de Fomento del Reino de España"

Julio Gómez-Pomar
Secretario de Estado de Infraestructuras, Transporte y Vivienda. Ministerio de Fomento

Signed on behalf of "Ingeniería y Economía del Transporte S.A – INECO"

Isaac Martín-Barbero
Presidente de Ingeniería y Economía del Transporte, S.A.