AGREEMENT

BETWEEN

THE GOVERNMENT OF PERU

AND

THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Ref. PD 95/90 (F)
Agreement
between
The Government of Peru
and
The International Tropical Timber Organization

1. This Agreement between the Government of Peru (GOP) and the International Tropical Timber Organization (ITTO) regulates the implementation of work described in the attached Project Document "Forest Management in the Alexander von Humboldt National Forest, Phases I, II, III", [ITTO reference: PD 95/90 (F)], and refers specifically to the implementation of Phase I of this Project.

2. This Agreement comes into force immediately upon signing by the two parties, under the condition that the Government of Peru has made the required budgetary arrangements for the local contribution to Project financing.

3. ITTO will provide financing for the implementation of Phase I of the Project up to a maximum of US $ 506 000 (US dollar five hundred and six thousand only). This contribution will be made available in installments as follows: US $ 170 000 when the Project becomes operational, US $ 226 000 after four months of implementation work and after receipt of a copy of the instruction to the Executing Agency referred to in Paragraph 5. A final payment of maximum US $ 100 000 will be made upon request after ten months of implementation work and provided that the Progress Review referred to in Paragraph 13 recommends that such payment is made. The budget for monitoring and evaluation, US $ 10 000, will be administered by ITTO Secretariat.

4. GOP will appoint the Directorate General for forestry and Wildlife, Ministry of Agriculture, Executing Agency.

5. GOP will instruct the Executing Agency, in writing, to implement the Project. This instruction shall reflect the contents of this Agreement and the Project Document, and a copy shall be submitted to the ITTO Secretariat.
6. GOP will guarantee that the Project area will remain a National Forest for at least ten years, with the intention of extending this period to 30 years.

7. The Executing Agency will establish cooperation with University of Peru, the National Forestry Chamber and Non-governmental Organizations active on environmental issues or in forest products trade.

8. The Executing Agency will recruit and employ national and international consultants, as specified in the Project Document under PHASE I, Section 5.2, in consultation with GOP and ITTO.

9. The GOP will assign staff to the Project as specified in the Project Document under PHASE I, Section 5.1.

10. The Executing Agency will open and operate a separate bank account for ITTO's financial contributions to the Project. This account will at all times be available for inspection by representatives of ITTO. The Executing Agency shall advise the ITTO Secretariat on the nature and identification of the Project Account and immediately bring to the notice of the Secretariat any changes with regard to the Account.

11. The Executing Agency will submit financial reports to GOP and ITTO on the use of funds provided by the Organization, after three and nine months of implementation work. An audited financial report specifying actual expenditures from the account shall be submitted to ITTO within three months after the Project has been completed or terminated in accordance with Paragraph 18.

12. The Executing Agency will submit a progress reports after six months of implementation work and a final report not later than three months after the Project Phase has been completed.

13. GOP, the Executing Agency and ITTO will make a joint review of the progress of the Project during the ninth month of its implementation and agree on adjustments to the work plan, if required, and on transfer of funds to the Project and make recommendations with regard to the execution of Phases II and III.
14. Reports and information on the Project will be published jointly by GOP and ITTO and made available to interested parties.

15. The Technical Reports of the Project will be submitted in Spanish, English and French.

16. The Government of Peru may submit proposals for further action under the Project. Such proposals will be considered by the International Tropical Timber Council.

17. ITTO will not be liable to any claims arising from the implementation of the Project or from the use of equipment provided under the Project.

18. This Agreement can be terminated, by written notice, by either of the contracting parties. If such termination takes place, the Executing Agency should take all necessary steps to minimize expenditures in closing the Project.

19. Funds remaining in the Project Account when the Project is completed, or terminated according to Paragraph 18, shall be returned to ITTO's Special Account.

20. Any dispute arising out of the interpretation or implementation of this Agreement or any breach thereof shall be settled amicably by consultation or negotiation between GOP and ITTO.

Signed: ........................................
Director de Forestal y Fauna.

on behalf of
GOVERNMENT OF PERU

Dated: May 22, 1991
Place: Lima, Peru

Signed: ........................................
Executive Director

on behalf of
INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

Dated: 15 September, 1991
Place: Yogyakarta