

AGREEMENT
between
THE GOVERNMENT OF THE REPUBLIC OF PERU
and
THE GOVERNMENT OF THE REPUBLIC OF FINLAND
on
Finnish assistance to the environmental project in Peru

The Government of the Republic of Peru ("Peru") and the Government of the Republic of Finland ("Finland"), jointly referred to as "the Parties",

DESIRING to strengthen the friendly relations existing between the two States and their peoples;

CONFIRMING as the objectives of the co-operation the promotion of democracy, human rights, equality and reduction of poverty as well as promotion of sustainable development of environment;

OBSERVING that the overall responsibility for the Environmental Project, ("the Project") lies with Peru;

HAVE AGREED, regarding Finland's contribution to the Project as follows:

ARTICLE I
Scope and Objective

1. The Project shall be implemented in accordance with the Project Document, dated June, 1999 and attached as Annex I to this Agreement, as well as according to the annual work plans to be mutually agreed upon.
2. The overall objective of the Project is to support the environmental research in Peru.

ARTICLE II
Principles of Co-operation

1. Respect for democratic principles, human rights, good governance and the rule of law shall form the basis for the co-operation between Peru and Finland and constitutes an essential element of this Agreement.
2. The Project shall be implemented in accordance with the principles of transparency and open dialogue.



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ARTICLE III

Competent Authorities

1. The authorities competent to represent the two Governments in matters pertaining to the implementation of this Agreement, as well as to further development co-operation between the Parties shall be the Ministry of Foreign Affairs of Peru and the Ministry for Foreign Affairs of Finland, represented in Peru by the Embassy of Finland.
2. The responsibility for the implementation of the Project lies with the Peruvian Institute for Amazonian Studies (IIAP), which shall also have the right to represent the Ministry of Foreign Affairs of Peru in other matters pertaining to such implementation and not affecting the overall responsibilities of Peru.

ARTICLE IV

Financing by Finland

The contribution of Finland towards the implementation of the Project in 1999 - 2002 shall, on a grant basis and subject to annual parliamentary approval in Finland, be a maximum of seven million five hundred thousand Finnish marks (FIM 7.500.000,-). However, the contribution shall only be used up to the actual amount necessary to cover the costs resulting from the implementation of the Project as specified in the Project Document.

ARTICLE V

Financing by Peru

1. Peru shall cover the costs, amounting approximately to 1.026.000, New Soles, as contribution to the implementation of the Project as specified in the Project Document.
2. All financial and other resources required for the implementation of the Project over and above the Finnish contribution shall be provided by Peru.



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ARTICLE VI

Procurement

1. Finland shall procure the supporting services prescribed in the Project Document and shall conclude a contract with a consulting agency to be agreed upon with. Other procurements for the Project shall be made as agreed upon between Finland and Peru.
2. No offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts.
3. All procurements shall be performed in accordance with generally accepted principles and good procurement practices. Invitations to tender as well as procurement contracts shall, respectively, include a clause on the possibility of the tender being rejected and the contract being cancelled, in case any illegal or corrupt practices have been connected with the award or the execution of the contract. Furthermore, the damage or loss caused to the buyer shall in case of the cancellation of the contract, be compensated by the supplier.

ARTICLE VII

Information

1. The Parties shall:
 - (a) Promptly inform each other of any event or situation which might affect the implementation of the Project; and
 - (b) Ensure that all relevant authorities and other organizations are informed of this Agreement and the Project.
2. Both Parties shall have the right to disseminate information about the Project to the general public and other interested parties.
3. Any publication or other material produced in connection with the Project shall bear an acknowledgement that the Project is being or has been implemented with the financial contribution of Finland and within the framework of the Finnish development co-operation.



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ARTICLE VIII

Reporting and Monitoring

1. Peru shall submit to Finland reports on the implementation of the Project, prepared in accordance with the Guidelines for Program Design, Monitoring and Evaluation, issued by the Ministry for Foreign Affairs of Finland, and as agreed in detail between Peru and Finland.
2. Peru shall permit the representatives of Finland to carry out any inspection or audit regarding the implementation of the Project. Such an inspection or audit may also be initiated by Peru.

ARTICLE IX

Consultations

1. The Parties shall be available to each other for mutual consultations in order to:
 - (a) Follow up the co-operation; and
 - (b) Assess the attainment of the objectives of co-operation as well as the objectives and purposes of the Project.
2. The Parties shall provide each other with all necessary information for the purposes of the consultations.

ARTICLE X

Liability

1. Peru shall bear all risks arising from the implementation of the Project under this Agreement. Peru shall be responsible for dealing with claims, which may be brought by third parties against Finland, Consulting Agencies or any member of their Personnel or against a person employed by Finland, and shall hold them harmless in respect of claims and liabilities arising in connection with the implementation of the Project.
2. Paragraph 1 above shall not apply where a claim or liability arises from gross negligence, willful misconduct or criminal conduct established by a court of Peru to the satisfaction of Finland.



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3. Peru shall be entitled, in the event it meets any claim under paragraph 1 above, to exercise and enforce any right of set off, counterclaim, insurance, indemnity, contribution or guarantee to which Finland, Consulting Agencies or a member of their Personnel or a person employed by Finland may become entitled.

ARTICLE XI Suspension

1. Both Parties shall have the right, after consulting the other Party, to suspend in whole or in part the financing of the Project, if:

- with (a) The financing by the other Party is not forthcoming in accordance this Agreement and the Project Document;
is (b) Any other obligation under this Agreement or the Project Document not fulfilled;
(c) Management of the Project is deemed to be unsatisfactory;
(d) A condition has arisen which interferes or threatens to interfere with the carrying out of the Project or the accomplishment of the objectives and purposes of the Project; or
(e) The suspension is warranted by a fundamental change in circumstances under which the Project was started.

2. The suspension shall cease as soon as the event or events, which gave rise to suspension have ceased to exist.

3. Finland reserves the right to claim reimbursement in full or in part of the Finnish contribution if it is found to be misused or not satisfactorily accounted for.

ARTICLE XII Special Provisions

1. The terms and conditions regarding services and commodities are set forth in Annexes II-IV, which constitute an integral part of this Agreement.

2. Other obligations of the Parties are specified in the Project Document (Annex I).

3. Peru shall accord Consulting Agencies, members of their Personnel and persons employed by Finland as well as their families treatment no less favorable than that accorded to development co-operation agencies and personnel of any other country or international organization.



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4. Finland shall have the right to carry out an evaluation after the termination of the Project.

5. Commodities procured in or imported into Peru under this Agreement for the purposes of the Project shall be at the exclusive disposal of the Project. Upon the completion of the Project the commodities shall become the property of Peru. In case the Parties agree upon the following phases of the Project the commodities shall become the property of Peru upon the completion of the following phases.

ARTICLE XIII

Entry Into Force, Amendments, Settlement of Disputes and Termination

1. This Agreement shall enter into force on the date of its signature and remain valid until all the obligations under this Agreement have been duly fulfilled by the Parties, unless terminated earlier by either Party by giving a three months' prior written notice to that effect.

2. Should either Party consider it desirable to amend any provision of this Agreement it may request consultations with the other Party. Any amendment shall be agreed upon in writing between the Competent Authorities.

3. All disputes arising from the implementation or interpretation of this Agreement shall be amicably settled by mutual negotiations between the Competent Authorities.

Done in Lima, on September 29th, 1999

in two originals in the English language.

FOR THE GOVERNMENT OF
THE REPUBLIC OF FINLAND

FOR THE GOVERNMENT OF
THE REPUBLIC OF PERU

