



MEMORANDUM OF AGREEMENT
BETWEEN
THE GOVERNMENT OF ITALY
AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME
ON THE

AGRICULTURAL RESEARCH AND EXPERIMENTAL
CENTER
IN THE BATNAN REGION
LIBYA



Italian Cooperation April 25th 2005 Tripoli

MEMORANDUM OF AGREEMENT
BETWEEN
THE GOVERNMENT OF ITALY AND
THE UNITED NATIONS DEVELOPMENT PROGRAMME
FOR
MANAGEMENT AND OTHER SUPPORT SERVICES TO BE PROVIDED BY UNOPS
TO THE GOVERNMENT OF LIBYAN ARAB JAMAHIRIYA
IN RESPECT OF
Agricultural Research and Experimental Center in the Batnan region

The Basic Assistance Agreement signed on 20 May 1976 between the United Nations Development Programme (hereinafter UNDP) and the Government of Libyan Arab Jamahiriya contains the basic conditions under which UNDP assists the Government in its endeavour to realize sustainable human development in line with national development programmes and priorities.

In furtherance of the mentioned Basic Assistance Agreement, the Government of the Libyan Arab Jamahiriya has requested assistance from UNDP with respect to management and other support services to be provided through the United Nations Office for Project Services (hereinafter UNOPS), as specified in this Memorandum of Agreement, including Appendices I through VI thereof (hereinafter this Agreement).

1. (a) The Government of the Republic of Italy (hereinafter the Donor Government), after consultation with the Government of the Libyan Arab Jamahiriya (hereinafter the Recipient Government), has decided to use Euro 916,495.80 (Nine Hundred and Sixteen Thousand and Four Hundred and Ninety Five Euro 80/100) approximately equivalent to USD 1,188,695 at the UN operational exchange rate prevailing in April, 2005 in connection with financing the Agricultural Research and Experimental Center Shabia of Tobruk described in Appendix I (hereinafter referred to as the "Project") and to engage UNOPS in accordance with this Agreement.

(b) UNDP has confirmed with the Recipient Government the latter's concurrence that UNOPS provide services via this Agreement (see Appendix VI). The Recipient Government shall be represented by The General People's Committee for Foreign Liaison and International Cooperation for all matters related to the implementation of the Project.

2. (a) The Recipient Government shall retain overall responsibility for the execution of the Project.

(b) UNOPS shall be responsible, with due diligence and efficiency, to make available its services for the provision of such project services and inputs as are described in Appendix II (hereinafter called the "Services" and "Project Inputs", respectively). The duration of this Agreement

is estimated to be 2 years calculated from the date on which this Agreement becomes effective in accordance with the provision of paragraph 16 hereof.

(c) UNOPS and the Recipient Government shall consult closely with respect to all aspects of the provision of the Project Inputs.

(d) Contracting of individual consultants and firms shall be in accordance with the specific requirements of the Donor Government, as indicated in Appendix II.

3. The total cost of implementing this Agreement is estimated at US\$ 1,188,695 (One million One Hundred and Eighty Eight Thousand Six Hundred and Ninety Five United States Dollars), which includes an estimated management fee of US\$ 127,518 (One Hundred and Twenty Seven Thousand and Five Hundred and Eighteen US dollars); and a detailed Budget is attached hereto as Appendix III. This total cost shall not be exceeded without prior agreement of the Donor Government. Any change in the duration of this Agreement, in the total Budget amount and/or in the scope of the Services may require consultations between the parties with a view to agreeing on a revised management fee.

4. (a) The Donor Government undertakes, promptly after the effective date of this Agreement, to deposit Euro 916,495.80 (Nine hundred sixteen thousand and four hundred ninety five Euro 80/100) in UNDP Contributions Account number 600862722022 at the Bank of America (Swift address BOFAGB22) 1 Allie Street, London, E1 8 DE England. This amount represents the total estimated cost of the provision of the Project Inputs and Services.

(b) UNOPS shall not be required to commence the provision of Project Inputs and Services until the payment referred to above has been received and shall not enter into obligations in excess of the funds received.

(c) Interest will be apportioned annually to the undisbursed balance of funds, which have been received in accordance with (a) above.

(d) UNDP will keep at the Donor Government's disposal any interest accrued on the undisbursed balance of funds received according to paragraph (a) above, for use for project related purposes.

5. (a) UNOPS shall provide on behalf of the Recipient Government, Project Inputs as specified in Appendix II, in accordance with the Annex to the UNDP Financial Regulations and Rules, which are applicable to UNOPS.

(b) UNOPS shall procure the equipment and supplies referred to in Appendix II.

- i) Upon receipt and acceptance of such equipment and supplies by the Recipient Government agency concerned, title shall vest in the Recipient Government.
- ii) To the extent that the costs in respect of any custom duties, levies or charges related to the clearance of such equipment and supplies into the country are not the subject of an exemption by the Recipient Government, the Recipient Government shall be responsible for such costs out of its own resources other than those specified in Appendix III.

(c) With respect to insurance arrangements for Project Inputs:

- (i) UNOPS shall arrange insurance under its standard procedures for fellows, individual consultants, equipment and supplies.
- (ii) Consulting firms shall be required to make their own insurance arrangements, according to the terms of their respective contracts.
- (iii) If the Recipient Government notifies UNOPS of special insurance requirements in respect of Project Inputs, UNOPS shall endeavor to make appropriate arrangements for obtaining such other insurance, the cost of which shall be debited to the project account.

(d) In case of claims of any nature, including loss of or damage to equipment and supplies, UNOPS shall pursue settlement of such claims, and UNOPS liability shall be limited to the proceeds recovered.

6. Except as otherwise agreed upon in writing between the Donor Government and UNOPS, UNOPS shall not be responsible for costs required for the implementation of the Project, other than those specified in Appendix III.

7. (a) Funds received under this Agreement shall be administered in accordance with the Annex to the UNDP Financial Regulations and Rules, which are applicable to UNOPS. All financial accounts and statements shall be subject exclusively to the internal and external auditing procedures laid down in the Financial Regulations, Rules and Directives of UNDP.

(b) All financial transactions shall be recorded in a separate ledger account established for this project and expressed in United States dollars. Transactions in currencies other than United States dollars shall be carried out and recorded at the UN operational rate of exchange in effect on the date of the transaction.

8. The following general financial and accounting arrangements shall be followed in respect of the provision of Project Inputs under this Agreement:

(a) Expenditures for individual consultants as may be provided in Appendix III shall be limited to remuneration, travel, and other costs as may be contained in the contracts with such consultants, and shall conform with the applicable UNOPS regulations, rules and directives. UNOPS shall budget for such Project Inputs on the basis of estimated actual costs and shall charge for their provision on the basis of actual costs. Adjustments in the duration of such consultant contracts shall be made by agreement between the Recipient Government and UNOPS.

(b) Expenditures for contracts with consulting firms as may be provided in Appendix III shall be specified in the contracts between UNOPS and the respective contractors and shall cover all costs arising from such contracts. Adjustments in the duration or scope of such contracts shall be made by agreement between the Recipient Government and UNOPS.

(c) Expenditures for fellowships, or other training, as may be provided in Appendix III shall be in accordance with UNOPS procedures relating to fellowships and training. Adjustments with respect to the training component shall be made by agreement between the Recipient Government and UNOPS.

(d) Expenditures for the purchase of equipment and supplies, including insurance and freight, shall be limited to the items requested by the Recipient Government and to the budgetary provisions provided in Appendix III.

(e) UNOPS shall prepare, in full consultation with the Recipient Government, any budget revisions which it deems appropriate to ensure that the project budget reflects as accurately as possible the likely delivery of project Inputs and Services. Simple budget rephasings shall enter into effect immediately upon signature by UNOPS. All other budget revisions which do not shift allocations among budget categories specified in the Grant Agreement, including budget revisions reflecting project completion, shall enter into effect automatically 30 days after being proposed by UNOPS, unless the Recipient Government objects within that period.

(f) If, due to unforeseen circumstances, the funds received under this Agreement ever should be projected to be insufficient to cover the total cost of the Project Inputs and Services specified in Appendix II, UNOPS shall inform the Donor and Recipient Governments accordingly. The Governments and UNOPS shall then hold consultations with a view to agreeing upon appropriate modifications to the Project Inputs and/or Services so as to ensure that funding shall be sufficient to cover all expenses for the provision of such Project Inputs and Services.

9. (a) UNOPS shall submit such reports relating to the Project Inputs and Services as may reasonably be required by the Donor or the Recipient Governments.

(b) Following completion of the Services, a final financial statement shall be submitted to the Donor Government, in accordance with the format given in Appendix IV.

10. Any balance of funds received and uncommitted on completion of the Services shall be refunded promptly to the Donor Government.

11. The Basic Assistance Agreement between UNDP and the Recipient Government signed on 20 May 1976 (SBAA), and in particular Articles IX and X shall apply, mutatis mutandis, to all UNOPS activities under this Agreement (see Appendix V).

12. (a) Any dispute, controversy or claim arising out of or in connection with this Agreement or any breach thereof, shall, unless it is settled by direct negotiation, be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. Unless otherwise agreed, the appointment authority under the Rules shall be the President of the Permanent Court of Arbitration. The parties hereto agree to be bound by any arbitration award rendered in accordance with this provision as the final adjudication of any dispute.

(b) Where, in the course of such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force, or according to such other procedure as may be agreed between the parties.

(c) Nothing in or relating to any provision in this Agreement shall be deemed a waiver of the privileges and immunities of the United Nations, including UNDP and UNOPS.

13. Any amendment to this Agreement or to any Appendix hereto shall be effected by mutual agreement of the parties through an appropriate supplementary letter of agreement.

14. The Recipient Government, UNOPS, and the UNDP Resident Representative shall keep each other fully informed of all actions undertaken in carrying out this Agreement or that may affect it.

15. All correspondence regarding the implementation of this Agreement, other than this signed Memorandum of Agreement or amendments thereto, shall be addressed to:

UNOPS:

Christophe Bouvier
Regional Director
Regional Office for
Central Asia, North Africa, the Near East and Europe (CANANE)
UN Office for Project Services
11-13, chemin des Anémones
1219 Châtelaine – Genève
Switzerland
Tel: 0041-22-9178384
Fax: 0041-22-9178062

Donor Government:

Italian Embassy
Cooperation Office
Tripoli
Libya
Tel: 00218-21-3334131
Fax: 00218-21-3331673

16. This Agreement shall become effective on the date on which it has been signed by both parties.

17. (a) This Agreement may, at any time, be terminated by either party by written notice to the other, if, in its opinion, an event beyond its reasonable control occurs which makes it impossible to carry out its obligations under this Agreement. Termination shall be effective thirty days after receipt of the above notice.

(b) The obligations assumed by the parties under this Agreement shall survive the termination of the Agreement to the extent necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the parties hereto and the settlement of contractual liabilities that are required in respect of personnel, contractors, consultants or suppliers.

18. Agreement and acceptance of this Memorandum of Agreement is indicated by the signature of the duly authorized representatives of the parties.

On behalf of the Government of Italy

(signed) 

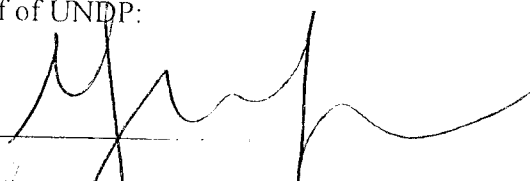
Name: Francesco P. Trupiano

Title: Ambassador of the Government of Italy to Libya

Date: _____



On behalf of UNDP:


(signed) 

Name: Julio Grieco

Title: Resident Representative

Date: _____

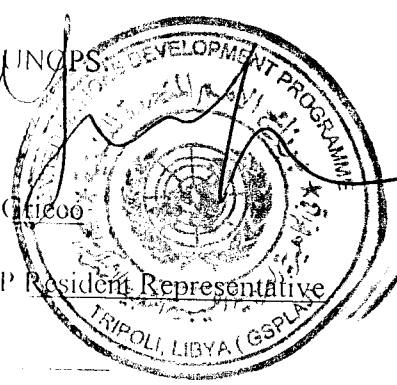
On behalf of UNOPS

(signed) 

Name: Julio Grieco

Title: UNDP Resident Representative

Date: _____



Appendices

Appendix I	A. PROJECT DESCRIPTION B. PROCUREMENT CONDITIONS
Appendix II	DESCRIPTION OF PROJECT INPUTS AND OF MANAGEMENT AND OTHER SUPPORT SERVICES
Appendix III	BUDGET
Appendix IV	FINAL FINANCIAL STATEMENTS
Appendix V	ARTICLES IX AND X OF THE STANDARD BASIC ASSISTANCE AGREEMENT REGARDING FACILITIES, EXEMPTIONS, PRIVILEGES AND IMMUNITIES
Appendix VI	RECIPIENT GOVERNMENT REQUEST FOR UNOPS SERVICES

Appendix I
PROJECT DESCRIPTION

Government of Italy
Government of the Libyan Arab Jamahiriya
United Nations Development Programme
United Nations Office for Project Services

**Agricultural Research and Experimentation Center in the *Sha'abiyyah*
of Batnan**

Brief Description: The Project, part of the Cooperation Agreement between the Libyan Arab Jamahiriya and the Government of Italy, aims at establishing an Agricultural Research and Experimentation Center for research and studies on agriculture, with particular focus on dry land territories. The overall objective of the Center is to contribute to the achievement of the principal goals of the national policy vis-à-vis food security through enhancing the already available agricultural capacity and improving productivity, which can be strengthened further in even less time once GMMR water made available in the region.

Part Ia Situation Analysis

The *Sha'abiyyah* of Batnan, located in the NW area of the Libyan Arab Jamahiriyyah, has 150,000 inhabitants, of which 100,000 live in the town of Tobruq. The economy of the *Sha'abiyyah's* relies mainly on agricultural and pastoral activities, as the rural society constitutes the majority of its population.

The *Sha'abiyyah* suffers a severe water scarcity that makes its agricultural activities relying heavily on seasonal rainfall, and as a result the irrigated-farming is limited to vegetable and fruit crops in the localities where ground water is accessible. The Great Man-Made River's water, once reached, will be an additional water resource for the *Sha'abiyyah*. Therefore, optimal use of these resources would contribute considerably in the *Sha'abiyyah's* food security scheme.

Within this framework, the Italian Government, as part of its joint Cooperation agreement with the Libyan Government that was signed in 1998, has decided to fund the creation of an Agricultural Research and Experimentation Center for research and studies on agriculture in dry land territories.

The Center will help to improve the agricultural and animal production in the *Sha'abiyyah* through studies and researches to achieve optimal utilization of water, and the introduction of new agricultural technologies. To this end, it will be equipped with laboratory for physico-chemical analysis of the soil, water analysis and animal food analysis as well as laboratory for plant pathology studies. Geographical Information System (GIS) will also be made available for use; moreover, two laboratories for agricultural technology and for vegetables and fruits will be built. The plan includes also the construction of conference room, library and services offices and annexes (watchman lodging, storage building) in addition to some smaller-scale installations.

The center will be situated on a piece of land of 5000 m² out of which 700 m² will be used for constructions. The center's location is close to the town center, inside the university campus. This set up would naturally bring about constructive interaction between the two institutions. The center is also expected to provide services at the national level and, in the course of time, at the regional level.

Farmers and animal-breeders will benefit directly from the center through implementing tested-techniques and methodologies, agricultural engineers and technicians will also benefit from the center, as it will provide favorable conditions for conducting experiments and researches as well as training.

Achieving the objectives of the project of which the center is the backbone would certainly add value to the *Sha'abiyyah* of Batnan's economy in particular and the country's in general, namely, through capacity building, income generation and, to a certain extent, job creation.

Part Ib-Strategy

Libyan endeavors to diversify the economy in order to develop sustainable financial resources other than those coming from the depleting hydrocarbons have started recently as economic policy is being gradually shifted from government-owned enterprises to profit-oriented ones, and as a result all efforts have lately been harnessed to achieve this ambitious goal.

The decentralization approach is to certain extent part of the new economic policy, and has divided the country geo-politically into some 31 *Sha'abiyyah* each of which has to be self-reliant entity, and therefore has to manage its resources independently. Taking this as a departing point, each *Sha'abiyyah* has already embarked on the preparation of local development plan drawing on its own resources. However, developing additional resources and achieving its optimal utilization entails costs, and requires skilled labor.

Having the Second World War negatively affected the *Sha'abiyyah* of Batnan, the idea of establishing an Agricultural Research and Experimentation Center in Batnan has been addressed and considered in the bilateral cooperation agreement between Libya and Italy signed in 1998.

The overall objective of the center is to contribute to the achievement of the principal goals of the national policy vis-à-vis food security through enhancing the already available agricultural capacity and improving productivity, which can be strengthened further in even less time once GMMR water made available in the region.

UNDP, under the terms of this project document, will assume the responsibility of implementation in a manner satisfying the donor and the recipient parties.

Part II Results Framework

<p>Intended Outcome: The project will contribute to increase, mobilize and allocate human and financial resources, in support to the decentralization process, one of the outcomes defined in the UNDP Country Program Outline (CPO) 2003-2007.</p>
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Outcome Indicator: HRs capacities enhanced in water use management and technologies for agriculture and animal production improvement

Partnership Strategy: Libyan local Authorities (*Sha'abiyyah* of Batnan); the Italian Cooperation Office (Ministry of Foreign Affairs, General Directorate for Development Cooperation). The Center will interact with the local newly established University focused on agricultural studies

Project Title and Number: "Agricultural Research and Experimentation Center in the *Sha'abiyyah* of Batnan"

Intended Outputs	Indicative Activities	Inputs
<p>1. Construction of the Center for Agriculture Research and Experimentation (six labs, conference room, library, offices, as per attached document)</p> <p>Baseline: Currently, Agricultural Centers for research and experimentation do not exist in the <i>Sha'abiyyah</i>.</p>	<p>1.1 elaborate the final technical specifications of the civil engineering work;</p> <p>1.2 shortlist potential enterprises to carry out the construction work;</p> <p>1.3 send a bidding invitation to short-listed enterprises;</p> <p>1.4 award the contract(s);</p> <p>1.5 carry out construction works, as per attached plans.</p>	<p>-CTA (will be funded by the Italian Cooperation Office directly)</p> <p>- Blue-prints of construction works</p>
<p>2. Construction of annexes to the Center (guardian lodging, canteen, storage building, etc.)</p> <p>Baseline: the annexes do not currently exist</p>	<p>2.1 elaborate the final technical specifications of the civil engineering work;</p> <p>2.2 shortlist potential enterprises to carry out the construction work;</p> <p>2.3 send a bidding invitation to short-listed enterprises;</p> <p>2.4 award the contract(s);</p> <p>2.5 carry out construction works, as per attached plans.</p>	<p>-CTA</p> <p>- Blue-prints of construction works</p>
<p>3. Complementary works (as per attached document)</p>	<p>3.1 elaborate the final technical specifications of the civil engineering work;</p> <p>3.2 shortlist potential enterprises to carry out the construction work;</p> <p>3.3 send a bidding invitation to short-listed enterprises;</p> <p>3.4 award the contract(s);</p> <p>3.5 carry out construction works, as per attached</p>	<p>-CTA</p> <p>- Blue-prints of construction works</p>

plans.

Part III – Management Arrangements

The project will be executed under the terms and conditions of the Management Service Agreement (MSA) to be signed between the Italian Government and United Nations Development Programme (UNDP). This MSA will therefore elaborate the implementation arrangement.

However, the Italian party emphasizing that the carrying out of the civil engineering works, which are the main outputs of the project, will be limited to Italian enterprises. Therefore the international bidding process should be limited to Italian companies.

The duration of the project will be 10 months. The Chief Technical Advisor (CTA) will prepare a work plan for the activities of the project in due course.

Part IV – Legal Context

The project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Great Socialist People's Libyan Arab Jamahiriya and the United Nations Development Programme.

The following types of revisions may be made to this project document with the signature of the UNDP resident Representative provided he or she is assured that the other signatories of the project document have no objections to the proposed changes:

Revisions, which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the re-arrangement of inputs already, agreed to or by costs due to inflation.

Mandatory annual revisions which rephase the delivery of agreed project inputs or increased outputs or to take into account agency expenditure flexibility.

Annex - Budget

Bl.	Description	Impl.	Amount (Euro)*
20	SUBCONTRACTS		
21	Subcontract A		
2101	Establishment of the Center (A)		
			Net Amount
			717,399.49

		Total	717,399.49
199	Line Total	Net Amount	717,399.49
		Total	717,399.49
22	Subcontract B		
2201	Establishment of additional buildings (B)	Net Amount	50,026.31
		Total	50,026.31
2299	Line Total	Net Amount	50,026.31
		Total	50,026.31
23	Subcontract C		
2301	Establishment of external structures (C)	Net Amount	50,752.11
		Total	50,752.11
2399	Line Total	Net Amount	50,752.11
		Total	50,752.11
24	Subcontract D		
2401	Complementary works	Net Amount	122,060.57
		Total	122,060.57
		Net Amount	122,060.57
		Total	122,060.57
29	SUBCONTRACTS TOTAL	Net Amount	940,238.48
		Total	940,238.48

* Administrative fee is included.

GOVERNMENT OF THE LIBYAN ARAB JAMAHIRIYYA
GOVERNMENT OF ITALY