

II

Treaties and international agreements

filed and recorded

from 9 March 1976 to 23 March 1976

No. 742

Traités et accords internationaux

classés et inscrits au répertoire

du 9 mars 1976 au 23 mars 1976

N° 742

No. 742

**UNITED NATIONS
(UNITED NATIONS DEVELOPMENT PROGRAMME)
and
ARAB FUND FOR ECONOMIC
AND SOCIAL DEVELOPMENT**

Letter of Agreement concerning the Project "Programme for the Identification and Preparation of Intercountry Feasibility Studies and Investment Projects" (with annexed Project Document). New York, 28 December 1975

Authentic text: English.

Filed and recorded by the Secretariat on 17 March 1976.

**ORGANISATION DES NATIONS UNIES
(PROGRAMME DES NATIONS UNIES
POUR LE DÉVELOPPEMENT)**

et

**FONDS ARABE DE DÉVELOPPEMENT
ÉCONOMIQUE ET SOCIAL**

Accord par lettre relatif au Projet intitulé «Programme d'identification et de préparation d'études de faisabilité et de projets d'investissement multinationaux» (avec document de projet en annexe). New York, 28 décembre 1975

Texte authentique : anglais.

Classé et inscrit au répertoire par le Secrétariat le 17 mars 1976.

LETTER OF AGREEMENT¹ BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME AND THE ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT CONCERNING THE PROJECT "PROGRAMME FOR THE IDENTIFICATION AND PREPARATION OF INTERCOUNTRY FEASIBILITY STUDIES AND INVESTMENT PROJECTS"

UNITED NATIONS
DEVELOPMENT PROGRAMME

PROGRAMME DES NATIONS UNIES
POUR LE DÉVELOPPEMENT

28 December 1975

Reference: REM/74/011

LEG 503 AFESD

Dear Mr. President,

Further to the discussions which have taken place between concerned officials of the UNDP and the Arab Fund concerning the Project known as the Programme for the Identification and Preparation of Intercountry Feasibility Studies and Investment Projects (REM/74/011), I am pleased to confirm the arrangements under which the Arab Fund will cooperate with the UNDP as a partner and UNDP Executing Agency on this Project in accordance with the Project Document for the Project and the attached annex.

A. *Participation of UNDP*

1. The UNDP shall provide to the Project, through the Arab Fund (hereinafter called the Executing Agency), the services, equipment and facilities described in Part III (Work Plan) and the budget describing UNDP inputs in Part IV (Project Budget) of the Project Document.

2. For this purpose, the UNDP shall from time to time, promptly upon receipt of notice from the Executing Agency, make available to the Executing Agency such amounts in such currencies as the Executing Agency shall specify in its notice pursuant to the budgetary provisions in Part IV of the Project Document, with due regard to the agreement that UNDP will pay to the Arab Fund overhead entitlement commensurate with that provided to all executing agencies in the UN system at the level authorized by the UNDP Governing Council.

3. If the Executing Agency anticipates that the funds to be provided by the UNDP for the Project may be inadequate to complete the UNDP's assistance to the Project, the Executing Agency shall consult with the UNDP with a view to deciding on the appropriate remedial steps to be taken.

B. *Participation of Executing Agency*

4. (a) The Executing Agency shall be responsible for the execution of the UNDP's assistance to the Project in accordance with the Project Document. In the execution of such project assistance, the Executing Agency shall have the status of an independent contractor vis-à-vis the UNDP, in accordance with the partnership association as per the Project Document and the UNDP normal procedures.

(b) The Executing Agency shall select the consultants or experts to be engaged or assigned for the purposes of the Project. In keeping with its own internal rules and practices, the Executing Agency agrees to observe the principles of international competitive bidding in the procurement of goods and contractual services for the project, to the maximum extent possible

¹ Came into force on 17 March 1976, the date on which it was accepted by the Fund.

and appropriate and with due regard to the principles which apply to UNDP activities and the need to make the fullest possible use of various currencies available to UNDP.

(c) The consultants may associate, if necessary, on a subcontract basis with other consultants approved by, and to an extent and upon terms and conditions acceptable to, the Executing Agency.

5. (a) The Executing Agency shall maintain records and accounts of funds received and disbursed by it under the Project Document.

(b) The Executing Agency shall annually furnish to the UNDP a statement of the accounts of funds received by it under the Project Document.

6. The Executing Agency shall furnish to the UNDP periodic reports on the carrying out of the Project at such times and in such form as may be agreed between the UNDP and the Executing Agency.

C. *Equipment and Materials*

7. All equipment, materials and supplies which are purchased with UNDP resources shall be used exclusively for the execution of the Project. They shall remain the property of the UNDP and shall be held in the name of the UNDP and under the management of the Executing Agency until completion of the Project.

D. *AFESD Inputs*

8. In addition to being responsible for the execution of UNDP's assistance to the Project, the Executing Agency shall directly provide its own inputs to the Project as specified in the budget describing Arab Fund inputs in Part IV of the Project Document.

E. *Exchange of Views*

9. The UNDP, the Executing Agency, and any other party, as may be mutually agreed, shall at such times as shall be mutually agreed exchange views on the Project, including the progress and costs thereof and the benefits derived therefrom, and each shall furnish to the other such information as shall reasonably be requested in respect of such matters. The UNDP and the Executing Agency shall also consult with one another with respect to any matters affecting the successful completion of the Project.

10. At an agreed time after the completion of the Project, the UNDP, the Executing Agency, and any other party, as may be mutually agreed, shall review the activities continuing from or consequent upon the Project with a view to evaluating its results.

If the foregoing arrangements are acceptable to the Arab Fund, I should be grateful if you would sign and return to me the enclosed copy of this letter. It will then constitute a Project Agreement between us for purposes of this Project.

Yours sincerely,

Accepted for the Arab Fund:

[Signed]

SAEB JAROUDI
President
Arab Fund for Economic
and Social Development

17/3/1976

(Date)

Mr. Saeb Jaroudi
President
Arab Fund for Economic and Social Development
Kuwait

[Signed]
BERT LINDSTRÖM
Deputy Administrator
(Administrative)

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT OF THE GOVERNMENTS OF ALGERIA, BAHRAIN, DEMOCRATIC YEMEN, EGYPT, IRAQ, JORDAN, KUWAIT, LEBANON, LIBYA, MAURITANIA, MOROCCO, OMAN, QATAR, SAUDI ARABIA, SOMALIA, SUDAN, SYRIA, TUNISIA, UNITED ARAB EMIRATES AND YEMEN

Title: Programme for the Identification and Preparation of Inter-country Investment Projects and Related Feasibility Studies

Number: REM/74/011/A/01/46

Duration: Six years and three months

Sector: General Economic and Social Policy Planning (20)

Subsector: Economic Integration (2010)

Executing Agency: The Arab Fund for Economic and Social Development (AFESD)

Government Counterpart Agency: Ministries of Planning or other relevant organizations in countries concerned

Date of submission: 5 January 1975

Starting date: 1 October 1975

AFESD contribution: US \$ 9,396,000*

UNDP contribution: US \$ 6,268,000**

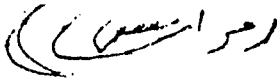
Governments contribution: US \$ 3,500,000

* Details in the Project Budget

** Details in the Project Budget

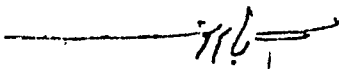
Approved: [Illegible]
On behalf of the Government
of the Hashemite Kingdom
of Jordan

Date: 28/12/1975


عن حكومة المملكة الأردنية
الهاشمية


Approved: [Illegible]
On behalf of the Government
of the Republic of Tunisia

Date: 28/12/1975


عن حكومة الجمهورية
التونسية

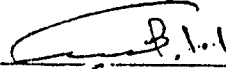
Approved: [Illegible]
On behalf of the Government
of the Algerian Democratic
and People's Republic

Date: 28.12.1975


عن حكومة الجمهورية
الجزائرية الديمقراطية و
الشعبية


Approved: [Illegible]
On behalf of the Government
of the Democratic Republic
of the Sudan

Date: 28.12.1975


عن حكومة جمهورية
السودان الديمقراطية

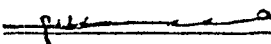
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On behalf of the Government
of the Republic of Iraq

Date: 28.12.1975


عن حكومة الجمهورية
العراقية


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On behalf of the Government
of the Kingdom of Saudi Arabia

Date: 7.2.1976


عن حكومة المملكة
العربية السعودية

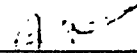
Approved: [Illegible]
On behalf of the Government
of the Syrian Arab Republic

Date: 28.12.1975


عن حكومة الجمهورية
العربية السورية

Approved: [Illegible]
On behalf of the Government
of the Libyan Arab Republic


Date: 28.12.1975


عن حكومة الجمهورية
العربية الليبية

Approved: [Illegible]

On behalf of the Government
of the Arab Republic of Egypt

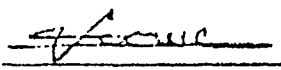
Date: 28.12.1975


عن حكومة جمهورية مصر
العربية

Approved: [Illegible]

On behalf of the Government
of the Yemen Arab Republic

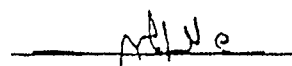
Date: 29/12/1975


عن حكومة الجمهورية
العربية اليمنية

Approved: [Illegible]

On behalf of the Government
of the State of Kuwait

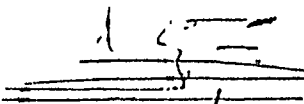
Date: 28.12.1975


عن حكومة دولة الكويت

Approved: [Illegible]

On behalf of the Government
of the Republic of Lebanon


Date: 28.12.1975


عن حكومة الجمهورية
الليبية

Approved: [Illegible]

On behalf of the Government
of the Kingdom of Morocco

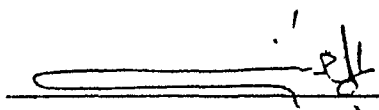
Date: 28/12/1975


عن حكومة المملكة المغربية

Approved: [Illegible]

On behalf of the Government
of the People's Democratic Republic
of Yemen

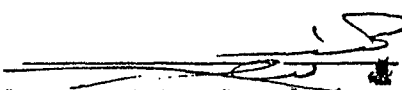
Date: 28/12/1975


عن حكومة اليمن الديمقراطية
الشعبية

Approved: [Illegible]

On behalf of the Government
of the State of the United Arab
Emirates


Date: 28.12.1975

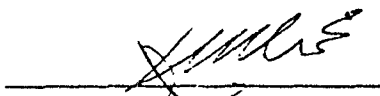
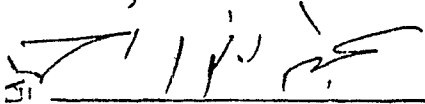
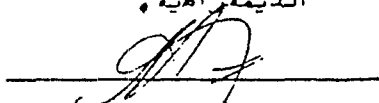
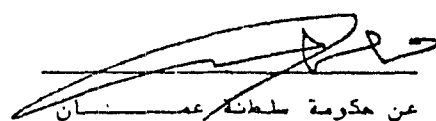
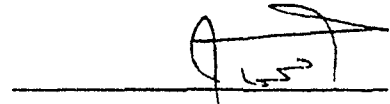
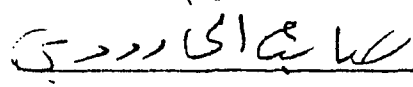
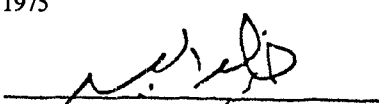

عن حكومة دولة الامارات العربية
المتحدة

Approved: [Illegible]

On behalf of the Government
of the State of Bahrain

Date: 28/12/1975


عن حكومة دولة البحرين
كلية

- Approved: [Illegible]*
 On behalf of the Government
 of the State of Qatar

 Date: 28/12/1975 عن حكومة دولة قطر
- Approved: [Illegible]*
 On behalf of the Government
 of the Somali Democratic Republic

 Date: 28/12/1975 عن حكومة جمهورية الصومال الديمقراطية
- Approved: [Illegible]*
 On behalf of the Government
 of the Islamic Republic
 of Mauritania

 Date: 28/12/1975 عن حكومة الجمهورية الإسلامية الموريتانية
- Approved: [Illegible]*
 On behalf of the Government
 of the Sultanate of Oman

 Date: 28/12/1975 عن حكومة سلطنة عمان
- Approved: [Illegible]*
 On behalf of Palestine (PLO)

 Date: 28.12.1975 عن فلسطين (منظمة التحرير الفلسطينية)
- Approved: [Illegible]*
 On behalf of the Arab Fund
 for Economic and Social Development
 (Executing Agency)

 Date: 28/12/1975 عن الصندوق العربي للإنماء الاقتصادي والاجتماعي (الوكالة المنفذة)
- Approved: [Illegible]*
 On behalf of UNDP

 Date: 28/12/1975 عن برنامج الأمم المتحدة للإنماء

I. BACKGROUND AND SUPPORTING INFORMATION

1. The Arab region constitutes one vast geographical area endowed with a rich, albeit unevenly distributed, variety of natural resources, a potentially large market and a fairly homogeneous population. Historical developments in the region, however, have determined a centrifugal pattern of trade relations which the Arab States have attempted to redress. Still, trade patterns remain basically outward-oriented and recent attempts to achieve a greater degree of economic interdependency among these countries through preferential trade liberalization measures have proved insufficient due mainly to the absence of an adequate physical and services infrastructure and sufficiently diversified production structures. Attention has therefore moved lately to other forms of regional cooperation; more flexible in their operation and more selective in coverage. More specifically, there is an increasing tendency in favour of cooperation in the form of intercountry or regional projects in specific fields of production as well as in connection with the development of the region's basic infrastructure.

2. Leading among the regional Arab institutions which strongly favour this new approach are the Arab Fund for Economic and Social Development (AFESD) and the Council for Arab Economic Unity (CAEU). Thus, the CAEU has supplemented its major activities concerned with economic integration and trade expansion among Arab countries with an active process of generation of multinational development proposals and has become a leading forum for negotiation of a number of regional inter-governmental agreements. The CAEU has, for example, been actively engaged in the establishment of two large Arab multinational corporations: The Mineral Resource Development Co., with a capital of 100 million K. dinars and the Livestock Development Co., with a capital of 50 million K. dinars; and is presently engaged in promoting the establishment of several others such as the Arab Chemical and Pharmaceutical Co. At the same time AFESD is ideally placed to play the leading role in the development and implementation of this new strategy by drawing up master plans for the major sectors and providing the financial and technical assistance required for the inter-country investment programmes and projects that would be generated as a result. The performance by the AFESD of this role in the promotion of regional integration is in fact grounded in the provisions of its own Establishing Agreement which explicitly gives preference to the financing of inter-Arab projects and economic projects which are vital to the Arab entity.

3. Several other development funds have also just been set up in the region, such as the Saudi-Arabian Development Fund and the Iraqi Fund for External Development; while others already in existence have had their capital increased several-fold, as is the case, for example, of both the Kuwait and Abu Dhabi Funds. It is also well known that the large oil exporting countries of the region are becoming increasingly interested in directing a growing part of their accumulating foreign exchange assets to development projects and other investment opportunities in the Arab region.

4. Considerable financial resources are therefore available for direct investments in the Region. At the same time the potential for such investments is very large. In order to fully develop this potential, however, substantially greater efforts are required to clearly identify viable investment opportunities. More specifically, it is essential to convert this investment potential into specific projects that are technically and economically well formulated, and develop operational programmes that are adequate in terms of quantity and quality.

5. This is particularly true in the case of regional or intercountry projects, which although holding great investment potential are normally neglected as a result of a widespread tendency on the part of national institutions charged with project formulation to give higher priority to fully national projects.

6. Under such circumstances, it becomes essential to adopt an activist approach and undertake a major effort in the region, aimed at the systematic identification and preparation of intercountry projects and undertaking the related pre-investment studies. Such an approach was adopted in other regions with considerable success, particularly in Latin America where a similar exercise pioneered by the Inter-American Development Bank resulted in an inventory

of intercountry infrastructural projects, with an investment potential of US\$ 14 billion, many of which are already under implementation.

7. An important prerequisite for the effectiveness of such an approach is a much closer integration of technical and financial assistance. In this connection the joint ECWA/UNIDO "Meeting on Special Problems and Requirements of Industrial Development in Selected Countries of the Middle East", which was held in Beirut during the period 25-29 November 1974, identified two possible avenues for action. The first is through a much closer co-operation between technical assistance organizations and financing institutions, particularly in connection with pre-investment work. The second approach is to include in the operations of financing institutions elements of technical assistance far greater than has hitherto been the case. It is felt that the present proposal goes a long way to meet these recommendations.

8. The need for and the timeliness of carrying out such a programme in the Arab world is, moreover, clearly recognized. Thus, for example, the joint UNDP/CAEU/UNCTAD Seminar on Problems of Trade Expansion and Economic Integration among Arab Countries, held in Cairo between 18 and 23 May, 1974, recommended that regional intergovernmental organizations, such as the Arab Fund, the CAEU and other specialized institutions such as, for example, the Federation of Arab Banks play an active role in the "preparation of an inventory of investment projects, national and multinational, with the greatest amount of detailed information possible, which could be used by all financial institutions operating in the region to replenish their pipeline of projects, establish priorities and prepare their long-term financial programmes. Once the projects have been analysed and classified, they should be selected either for implementation or for further technical feasibility studies to be financed by technical assistance grants and soft-term loans". The same theme was repeatedly emphasized also during discussions in the recent Seminar on "Multinational Projects and their Role in the Process of Economic Integration in the Arab World", which was held in Cairo during the period 14-17 December 1974, under the joint auspices of the CAEU, the Arab Institute for Economic and Social Planning—Kuwait, and the Institute of National Planning—Cairo.

Institutional Framework

9. The Arab Fund for Economic and Social Development (AFESD) is a regional development finance institution with all Arab Countries as full members. It is located in Kuwait and has been endowed with an initial share capital of Kuwaiti Dinars 100 million (approximately US\$ 350 million). In April 1975, the Fund's capital was increased fourfold to a total of KD 400 million (approximately US\$ 1.4 billion). In addition, the Fund may borrow up to the equivalent of twice its capital resources, giving it, therefore, a potential lending capacity of around four billion US dollars.

10. According to its charter, the principal objectives of the Fund are to participate in the financing of economic and social development projects in Arab countries by:

- (i) Financing economic projects of an investment character by means of loans granted on easy terms to Governments, and to public or private organizations and institutions, giving preference to economic projects that are vital to the Arab entity and to inter-Arab projects.
- (ii) Encouraging, directly or indirectly, the investment of public and private capital in such a manner as to ensure the development and growth of the Arab economy.
- (iii) Providing technical expertise and assistance in the various fields of economic development.

11. Equally relevant to this project is Decision No. 11 adopted by the Board of Governors of the AFESD during its second session held in April 1973, and which calls for the mobilization and earmarking of the funds required to undertake special studies aimed at the identification and preparation of investment opportunities in the Arab world. It was also recommended that this activity be undertaken by specialized units in the Fund and in co-operation with the relevant international and regional organizations. Moreover, the Board of Governors further adopted during its fourth session in April 1975, Decision No. 6 which calls upon the

Fund's Management to earmark increasing amounts from the General Reserves, and from any other sources, for the purpose of financing technical assistance activities, especially assistance in the form of pre-investment studies of basic infrastructural projects; and to seek to catalyze additional funds for such studies at appropriate terms and conditions.

12. The Fund consists of two operational departments: the Programmes Department and the Projects Department. In the implementation of the present project, however, the overall supervision will be mainly provided by the Regional Programmes Component of the Programmes Department. In addition, technical backstopping will be provided by four experts to be recruited for the "Investment Servicing and Promotion Unit" which has recently been created in the Programmes Department. The expertise available in the Projects Department will also be resorted to, particularly in the project preparation stages.

13. The present project is primarily a co-operative effort between the AFESD and UNDP for the benefit of the Governments of the Region. The project will be directed by the AFESD in its capacity both as co-financer and as executing agency for the UNDP contribution. A major review meeting will be held annually between both organizations to review the progress of work undertaken and to exchange views about all important aspects of the programme of activities and major studies envisaged for the coming year.

14. The comprehensive and multisectoral approach of the programme also calls for continuous co-ordination and co-operation with the intergovernmental organizations and institutions in the region and with the United Nations system. Some of these organizations will therefore need to be associated with the project. Prominent among these organizations are the Council for Arab Economic Unity (CAEU), the Maghreb Permanent Consultative Committee (CPCM), the United Nations Economic Commission for Western Asia (ECWA), and the United Nations Conference on Trade and Development (UNCTAD). Other Arab League and U.N. specialized agencies will be utilized to the maximum extent possible throughout the project.

15. The programme of activities and studies carried out under this project will be guided by the deliberations of a Board which will be set up and composed of AFESD, CAEU, CPCM, ECWA, UNCTAD and of UNDP as ex-officio member. The Board will also review the programme and discuss and make recommendations on policies and priorities for selection of projects. It will meet at least once a year or whenever the need arises. Furthermore, the Board may, where appropriate, invite as observers in its deliberations representatives of other organizations, including the Arab regional specialized agencies and international organizations.

16. When considered desirable, co-ordination meetings of interested development finance institutions from within or outside the region, will be convened to study possibilities of co-operating in the financing and implementation of intercountry investment projects generated by this Programme, as well as any purely national projects identified in the course of the Programme's activities. Among the institutions which should be encouraged to affiliate themselves to the Programme, through these co-ordination meetings, may be mentioned: The Kuwait, Abu Dhabi, Iraqi and Saudi Arabian Development Funds, the Islamic Development Bank and possibly also the World Bank. Projects selected by financial institutions other than the AFESD for further study and finance, will become the full responsibility of those institutions.

Provision for Governments Follow-up Activities

17. It is clear from the above description that this programme is self-contained, going through the stages of collection of information, selection of projects for further study, promotion of the proposals through consultations with Governments, undertaking related pre-investment studies and finally ending with detailed feasibility studies of projects selected.

18. The Programme is entirely designed to lead ultimately to specific investment decisions relating primarily to intercountry projects. In this connection, the AFESD will assume responsibility for the following:

- (i) Providing assistance to the Governments in the selection, preparation and submission of project documents to the AFESD and, if so requested, to other regional and international sources of finance.
 - (ii) Providing direct financial assistance to such projects through loans from its own capital resources and/or other resources placed under its administration.
 - (iii) Arranging for the participation of other public or private financial organizations in those projects, through the establishment of consortia or other financial arrangements, as required by the nature and scope of the project and the concerned governments' interests.
19. An understanding has also been reached to the effect that the CAEU will, on the other hand, undertake the following follow-up activities:
- (i) Arrange for direct financing from member governments in connection with certain projects and related studies.
 - (ii) Establish contacts with member governments to facilitate and expedite the implementation of the projects selected for financing.
 - (iii) Initiate contacts with member governments to introduce appropriate measures and policies designed to facilitate and promote the efficient operation of these projects.

Other Related Activities

20. Project REM/71/292. Assistance to the Council of Arab Economic Unity (CAEU), Cairo. The objective of this project is to strengthen the capability of the CAEU secretariat in developing its programme in support of economic integration and trade expansion.

21. Project REM/71/288. Central Advisory Services to IDCAS, Cairo. The main objective of this project is to assist IDCAS in strengthening its capability to render advisory services and undertake industrial studies.

22. Project REM/66/072. Maghreb Centre for Industrial Studies, Tangier. The project is intended to help establish industrial co-operation links among the Maghreb countries.

23. Project REM/71/286. Arab Maritime Transport Academy, Alexandria. The main objective of the Academy is to develop the maritime transportation sector in each of the participating countries by ensuring the training and supply of qualified personnel.

24. Project REM/71/300. The Arab Institute for Economic and Social Planning, Kuwait. The Institute provides regular training courses on development planning.

Future UNDP Assistance

25. The identification and preparation of projects, whether intercountry or purely national, is an integral part of the Arab Fund's ongoing programme of operation and its investment servicing and promotion activities. It is the Fund's intention to further develop its capabilities in this latter field in collaboration with the CAEU. Possible further UNDP assistance to member countries will be considered during the end-of-project review and in the light of the results achieved.

II. OBJECTIVES OF THE PROJECT

26. The project is included in the UNDP Regional Programme Proposals for the Bureau for Europe, Mediterranean and the Middle East (BEMME's) 1975-1981. It is one of the cornerstones of this programme. It is expected by its nature to generate new projects, either national or intercountry, some of which may subsequently find their place in BEMME's evolving programme. It is also an example of the co-operation and co-ordination sought by the Governments and inter-governmental institutions in the area with the U.N. system at large. It is a co-operative venture between the AFESD and UNDP to assist the Governments in the region in their endeavours towards economic co-operation and integration.

27. The project constitutes a comprehensive, multi-sectoral programme with two inseparable and concurrent basic components: one for the systematic identification and preparation

of intercountry investment projects, and another, relatively more important component, dealing with the preparation of the related feasibility studies. While the emphasis of the programme is on the promotion of intercountry projects, it is expected that a large number of national projects will be generated also which will be passed on to the Country Programmes Component of the Arab Fund's Programmes Department, or to other sources of finance in the region, for the necessary follow-up action.

28. For purposes of this programme, intercountry development projects are defined to include, in addition to projects that are physically located in two or more countries, those projects that are located in one country but that are of significant economic interest to two or more countries.

Long-Range Objectives

29. The long-range objectives of the project are:

- (a) To foster closer economic co-operation and integration among the Arab countries.
- (b) To encourage a much closer integration of technical and financial assistance.
- (c) To encourage and facilitate the efficient direction of financial resources particularly within the region.
- (d) To augment and strengthen the absorptive capacity of the countries involved through a continuous and iterative process of identification, preparation and promotion of intercountry development projects and related follow-up investment.
- (e) To act as a focal point for attracting the region's trained and specialized manpower, particularly those that have acquired skilled experience abroad, as well as the expertise available on the international scene at large.
- (f) To foster co-operation among regional organizations and institutions in the area and encourage interdependence among them.
- (g) To create a focal point for catalyzing pre-investment funds from various sources in the region.

Short-Range Objectives

30. The short-range objectives are:

- (a) To draw up on a continuing and iterative basis, an inventory of intercountry projects.
- (b) To select among them, those which could be considered for immediate financing, and those which might require additional pre-investment studies.
- (c) To submit those finalized projects to the interested financial institutions.
- (d) To undertake the pre-investment surveys and other project studies required both to identify new intercountry projects and to bring such projects up to the stage where they can be presented to the various financing agencies for their consideration.
- (e) To develop the intercountry project generating capacity of AFESD and to encourage and assist co-operation and co-ordination among the regional organizations responsible for economic integration and the financial institutions in the region.
- (f) To provide a direct link between pre-investment activities and related decisions on financing of specific projects.

III. WORK PLAN

A. DESCRIPTION OF PROJECT ACTIVITIES

31. As mentioned in Sections I and II, the programme will consist of two basic components: one of project identification and preparation, in connection with which the AFESD will collaborate closely with the CAEU, UNCTAD and various other international and regional organizations; and another relatively more important component concerned with the preparation of feasibility studies for specific projects selected. This latter component, which is expected to increase in intensity throughout the duration of the project, will be the direct re-

sponsibility of the AFESD. All activities in this programme will, however, be carried out under the overall direction and supervision of the AFESD.

Project Identification and Preparation Component

32. The main activities envisaged under this component include:

<i>Activity</i>	<i>Location</i>	<i>Duration</i>
a. Working out a methodology for definition and identification of intercountry projects and establishing contacts with the relevant regional and sub-regional organizations.	Kuwait, Beirut, Cairo and Tunis	3 months, beginning 1 October, 1975
b. (i) Identification of projects with a multinational investment potential at various stages of preparation.	Team No. 1 Tunis with trips within Tunisia, Algeria, Morocco, Mauritania and Libya.	7 months, beginning 1 January, 1976
(ii) Collection and compilation of all relevant project data with a view to the preparation of "Project information sheets" and, whenever possible, the preparation of preliminary plans of operations for specific projects of potential interest. Primary emphasis will be placed on projects in those sectors or subsectors which have not yet been studied within a regional context.	Team No. 2 Cairo with trips within Egypt, Libya, Sudan, Somalia, PDRY, and YAR	7 months, beginning 1 January, 1976
(iii) Collection and compilation of investment laws and regulations pertaining to the projects identified.	Team No. 3 Beirut with trips within Lebanon, Syria, Jordan, Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, U.A.E. and Oman	7 months, beginning 1 January, 1976
This activity will be carried out by three teams of experts working simultaneously from the following bases: Tunis, Cairo, and Beirut. In this effort full collaboration will be maintained with the CAEU. In addition, the team members will seek the assistance of ECWA, ECA, CPCM, and the specialized agencies of the United Nations, and cooperate with the specialized regional organizations concerned such as Industrial Development Centre for Arab States (IDCAS), Arab Telecommunication Union (ATU), Arab Organization of Agricultural Development (AOAD) and Arab Tourism Union (ATU), etc. At the country level, the teams should establish contacts with the national agencies concerned with planning, data collection, and project identification; with the major producers in both the public and private sectors; as well as the relevant financial institutions. The team members should also visit the major production centers in each country, and pay particular attention to border areas, in order to assess possibilities for viable intercountry projects. They should ascertain, at all stages, public and private interest in the various projects and investment possibilities identified.		
c. Consolidation, processing and cross-classification of collected data; development of a system for storage and retrieval of information; and finally, publication of an inventory of intercountry projects identified.	Kuwait, Cairo and Beirut	6 months, beginning September, 1976
d. (i) Preparation, by a special consultant, of a manual for the identification, preparation and evaluation of intercountry investment projects.	Kuwait/Geneva with travel to the region	Study to be carried out in 6 months beginning 1 October, 1975

Activity	Location	Duration
<p>(ii) Convening an expert group meeting to critically appraise the manual prior to its publication and distribution among participating Governments and interested organizations.</p>		<p>Expert group meeting to be held during the first 6 months of 1977</p>
<p>In connection with activities (a), (b), (c) and (d) described above, AFESD will utilize the services of UNCTAD under such financial and other arrangements as may be agreed to between the two organizations. Allocations for the cost of these activities are included in the UNDP budget, under section IV.</p>		
<p>e. To conduct a study of legal, financial and administrative issues relating to the establishment of intercountry joint ventures, with a view to identifying institutional problems relating to the setting-up of such ventures, and making recommendations as to policies, legislative changes, and model agreements to facilitate the establishment and management of such ventures.</p>		
<p>f. Upon completion of the inventory of intercountry projects and publication of the related manual, a meeting will be held between AFESD, UNDP and UNCTAD to evaluate the activities described in (a), (b), (c) and (d) above, and to discuss the major findings of the inventory in question.</p>	Kuwait	Mid-1977
<p>g. A second meeting will be convened subsequently, with the participation of Governments and concerned organizations, including development finance institutions. The purpose of this meeting will be to discuss the findings of the inventory, as an initial step in the process of ascertaining Governments' attitudes and priorities, as well as the interests of the relevant financial institutions.</p>	Cairo and Kuwait with travel to the region	Continuous activity for the duration of the project starting mid-1977
<p>Intensive consultation with Governments, regional and international organizations as well as UNDP field offices will, however, continue throughout in order to ascertain their view regarding sectoral priorities and to determine Government's interest in specific projects for which detailed technical studies are required. These inter-Governmental consultations will be carried out in full consultation and collaboration with the CAEU.</p>		
<p>h. Assist member Governments in establishing or streamlining existing mechanisms for collection, consolidation and systematization of intercountry project proposals, as well as in the formulation of such projects. This activity will be initiated by the three sub-regional teams and continued subsequently by the core team of experts, which will remain attached to the programme for its duration.</p>	All Arab countries	Continuous activity for the duration of the project
<p>i. On the basis of the priorities established under activity (g) above:</p>	Cairo, Beirut, and Kuwait with travel to the region	Activity to start during the second half of 1977, and continue for the duration of the project
<p>(i) Preparation of preliminary regional sectoral pre-investment surveys in co-ordination with related CAEU activities undertaken in this field.</p>		
<p>(ii) Undertaking pre-feasibility studies for specific projects of potential interest.</p>		

Preparation of Feasibility Studies Component

33. The specific activities envisaged under this component relate to the preparation of detailed sectoral master plans as well as feasibility studies of specific projects which have gone through the various pre-feasibility stages and also have, in the opinion of the AFESD, sufficient Governmental backing to justify incurring the cost of financing the related feasibility study with a view to a possible AFESD loan for the project in question. It is expected that activities under this component will be initiated shortly after the starting date of the project, and increase in intensity thereafter with the progress of the project preparation activities.

34. In view of the expected increase in the work load related to the selection of consultants and sub-contractors to undertake these pre-investment studies, provision has been made by the AFESD to engage the services of a technical expert (contracting officer) to assist in building up procedures for the selection and administration of consultants and sub-contractors. Specific duties of the expert would include the expansion and maintenance of a roster of consultants and sub-contractors; advising on and participating in the selection procedures; establishing a system for monitoring and controlling consultants and sub-contractors; assisting in the final evaluation of consultant and sub-contractor performance.

35. A considerable amount of promotional activities will also need to be undertaken including: intensive consultations with Governments, decisions on public/private and national/multinational participation; decisions regarding local and foreign equity and portfolio participation; conditions for setting up joint ventures when necessary, or drafting and agreeing to international treaties or the creation of new international public entities, when required, etc. In this connexion, consultations will also be held with the CAEU to determine the set of projects which will be promoted directly by the CAEU as per para. 19 above.

36. Priority areas in which pre-investment work will most likely be undertaken include:

- i. Transport and Communications sectors which have the highest integrational impact and the development of which in itself would open up new opportunities for joint activities among Arab countries.
- ii. Integrated development of border areas and development of the regional agricultural and food-production potential, thus increasing the region's self-reliance in basic and essential foodstuffs, presently in short supply.
- iii. Exploration and development of the region's natural resources, with particular emphasis on joint exploitation of water resources, fisheries, and mineral resources.
- iv. Regional development of engineering industries, which would help to introduce modern technology as well as to develop the basis for diversified and complementary industries with an extremely large intra- and extra-regional export potential.
- v. Regional development of resource-based industries, and other basic industries such as petrochemicals, fertilizers, iron and steel, and pulp and paper, where the comparative advantages of location in the region, complemented by a secure and expanding regional market, would substantially increase the benefits to be derived from such investments, thereby establishing a solid base for further industrialization and diversification through horizontal and vertical linkages.
- vi. Development and strengthening of centres and institutions dealing with manpower, scientific research, and training.

37. For undertaking the feasibility studies envisaged, the services of consulting firms and/or specialized agencies of the UN and the Arab League, e.g. UNIDO and IDCAS for industrial activities, will be sub-contracted. Estimates of the funds required under this budget component are based on the experience of the AFESD with feasibility studies for projects financed in the past and the estimated cost of some of the proposals now in the Fund's pipe-line of pre-investment studies. Heavy reliance was also placed on the broad experience of the UNDP in connexion with similar pre-investment activities both at the sectoral and project levels.

38. Equally relevant has been the experience of the Inter-American Development Bank, with similar pre-investment activities relating to the identification and preparation of inter-country projects in Latin America, which was funded by a US\$ 15 million allocation from the IDB-administered Fund for Special Operations, as well as voluntary contributions from its member governments. Commitments undertaken by the IDB for the preparation of intercountry investment projects in Latin America have historically averaged approximately two million dollars a year. In addition, similar pre-investment activities are undertaken by four integration oriented sub-regional financial institutions, viz., the Central American Bank for Economic Integration, the Caribbean Development Bank, the Andean Corporation, and the Fund of the River Plate Basin Development Programme. As with the present programme, funds earmarked under those schemes for similar pre-investment activities have not been detailed in advance in terms of specific project proposals.

39. The information available from all these sources suggests that the cost of feasibility studies alone varies from around 3 to 7 percent of estimated investment outlays depending on the size of the project. On the basis of certain projections for the Arab Fund's total loan commitments, and on the basis of certain assumptions concerning developments in the share of intercountry projects in these total commitments; after also allowing for the cost of pre-feasibility studies and general sectoral surveys in the project preparation component of the programme, it was felt a figure of \$ 10 million represented a conservative estimate of minimum requirements. This also takes into account the availability in the BEMME 1977-1981 Regional Programme Proposals of additional funds for pre-investment activities in various sectors. It also takes into account possibilities for catalyzing additional pre-investment funds from other sources in the Region, which is one of the declared objectives of this project.

B. END-OF-PROJECT REVIEW

40. An end-of-project review will take place 6 months before the estimated termination date of the project to evaluate the results achieved within the context of the project design objectives and activities. This would be jointly carried out by AFESD, UNDP and other parties as may be agreed upon.

C. DESCRIPTION OF UNDP INPUTS

41. *Assignment of International Staff*

- (a) Team Leader: A senior expert with broad experience in integration, and in multinational project preparation and evaluation, should exercise the functions of team leader for the project. He will be attached to the programme for its six years and three months' duration. In this capacity he will manage all activities of the project. He will be assisted, beginning three months after his appointment on 1 October, 1975, by a core of highly qualified experts, as indicated below. During the first three months of project implementation, he should work out the methodology described under para. 31 (a), in co-operation with the staff of the AFESD Programmes Department.
- (b) Core team of experts for duration of project: A core team of experts, composed of a project economist, a project engineer and a financial analyst will be attached to the project for six years, beginning in January, 1976. They should have a very broad technical experience in their fields of activity, and should have been associated with the preparation of technical studies of projects for submission to development finance institutions, as well as the appraisal and evaluation of such reports. They will assist the Team Leader in all activities.
- (c) Sub-regional teams: Three engineers and three economists, each working for a period of 7 months will be required beginning 1 January, 1976. They will constitute the three 2-man basic technical units operating during the inventory preparation stage in each of the sub-regions described in para. 31 (b). The core-team described above will assist in backstopping the work of these sub-regional teams.

- (d) Short-term consultants: Over and above the basic technical teams, substantial additional expertise will be required with reference to specific activities during the inventory preparation stage. These short-term consultants would be experts in very specific fields of activity, particularly economists and engineers specialized in certain industrial processes, infrastructure (power irrigation, communications and transport), agro-industries and agricultural development projects. Provision is made for at least 50 man-months of such services, spread over the inventory preparation phase of the programme, including 6 man-months for a Senior Adviser/Project Evaluation Consultant who will be recruited shortly after initiation of activities of the project in order to revise existing manuals for the preparation and evaluation of national projects (see particularly the UNIDO and OECD manuals) and prepare a new manual for the identification, preparation and appraisal of intercountry projects, by incorporating the element of multinationality and its corresponding variables in the traditional parameters used for this purpose (see activity 31 (d) above).

42. *Other Costs*

This will cover expenses in relation to project reviews, evaluation missions and appraisal of project operations.

43. *Provision for Sub-contractual Services*

As mentioned earlier, the services sub-contracted will be primarily for the preparation of specific feasibility studies. The cash contribution of UNDP relating to this sub-contracting component will amount to US\$ 5,000,000. These resources will be committed upon approval of this project. Their disbursement will be effected during the period of implementation of the programme, as required and justified by the availability of well defined projects and related studies which will be reviewed and discussed by AFESD and UNDP during the annual review meeting of the project. It is also understood that the disbursement of UNDP funds under this component will be effected *pari passu* with the equal AFESD contribution to the same component. It is expected that the rate of utilization of these resources will increase over the years, as a greater and greater number of intercountry projects become identified and go through the successive stages of preparation. The figures inserted in the budget for this purpose constitute, therefore, only a first approximation of actual disbursements.

44. *Supplies and Equipment*

- a. Expendable equipment (office supplies and stationery).
- b. Non-expendable equipment, consisting basically of fairly simple data collecting analyzing equipment, filing equipment and office machines.

45. *Miscellaneous Expenses*

The briefing of Government officials in the preparation of intercountry projects is one of the objectives of the programme. This activity will be carried out by the project personnel as one of their continuing responsibilities. Since the formulation and appraisal of intercountry development projects is a fairly recent activity, no related documents are available comparable to the standard manuals for the preparation and evaluation of national projects. The preparation of a specialized manual for intercountry projects, as described in para. 32(d), is therefore considered essential. Once this draft document is revised by the interested agencies, an expert group will be convened to critically appraise and finalize the manual before its publication and distribution among participating Governments and agencies, for operational purposes and training of personnel. Provision is also made for inviting ten experts to a manual-evaluation meeting, to be held in a location to be agreed upon during the first half of 1977, for a period of approximately ten working days. The cost of the above activities as well as other miscellaneous items will be \$ 44,000.

D. AFESD INPUTS

46. In addition to being responsible for the execution of UNDP's assistance to the Project, the Executing Agency shall directly provide its own inputs to the Project as specified in the budget describing Arab Fund inputs in Part IV of the Project Document.

E. DESCRIPTION OF AFESD INPUTS

47. The Arab Fund inputs described below and for which cost estimates appear in the budget in Section IV, are of two kinds; the first relates to new resources that will be specifically engaged for work on the Project. Those are shown in detail in the Budget. The other kind refers to resources within the AF existing regular programme which will be connected with the project for purposes of technical backstopping. The total cost of the latter resources is not detailed in the Budget but appears in a single line (Technical Backstopping) estimated as per standard UNDP Procedures.

The new resources are as follows:

- (a) Two Technical Experts: including the expert (contracting officer) referred to in paragraph 34 above, to be attached to the core-team of the project.
- (b) An Administrative and Finance Officer, who will have full administrative and financial responsibilities for the Programme, working in close collaboration with the team leader.
- (c) Research Assistance: Two Junior Economists (Research Assistants) will be recruited to assist members of the core-team.
- (d) Administrative Support Personnel: Three secretaries will be recruited for servicing members of the core-team at base (Kuwait).
- (e) Other Costs: A special provision for travel costs of personnel, wholly financed by the AFESD for work on the project, for the duration of the Programme, is included in the Budget.
- (f) Provisions for Subcontractual Services: A U.S. \$5 million counterpart contribution is earmarked by the Arab Fund for financing sub-contracting activities in connection with the preparation of specific feasibility studies. These resources will be committed by the Fund upon approval of this project. Their disbursement will take place *pari passu* with the disbursement of UNDP funds, in accordance with the procedures and conditions outlined in paragraph 43 above.

F. DESCRIPTION OF GOVERNMENTS' COUNTERPART CONTRIBUTION

48. The Governments' counterpart contribution in kind is estimated at the equivalent of US \$3.5 million. This represents the support that the individual Governments will give to project activities taking place within the individual countries. The estimate is based on past experience with similar projects with a heavy feasibility studies component.

49. Governments' contribution under the project identification and preparation component is expected to include:

- a. Providing access to information available in the relevant Government Departments to the sub-regional teams and project personnel, in connection with the compilation of the required data for the identification and preparation of projects.
- b. Inasmuch as possible, making available to the project personnel any additional physical facilities that may be required by them in the discharge of their duties and, in general, providing every possible assistance to facilitate the performance of their tasks for the duration of their stay in the various countries of the region.
- c. Whenever possible, by permitting the active engagement of Government officials in the various project activities described in this programme, both through their association with the work of the experts, as well as by visiting other countries of the region and attending meetings to be organized under the Programme.

50. As regards the component concerned with preparation of feasibility studies of specific projects, Governments' counterpart contribution is expected to be limited to the local cost of services to be provided in kind in connection with consulting services.

IV. PROJECT BUDGET COVERING UNDP CONTRIBUTION

(in U.S. dollars)

Regional Project of all Arab Countries

Project No.: REM/74/011/A/01/

Title: Programme for the Identification and Preparation
of Intercountry Projects and related Feasibility Studies

	Total		1975		1976		1977		1978		1979		1980		1981		
	m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$	
10.	<i>Project personnel component</i>																
11.	<i>Experts</i>																
11-01	Team Leader	75	225,000	3	9,000	12	36,000	12	36,000	12	36,000	12	36,000	12	36,000	12	36,000
-02	Economist	72	216,000			12	36,000	12	36,000	12	36,000	12	36,000	12	36,000	12	36,000
-03	Financial Analyst	72	216,000			12	36,000	12	36,000	12	36,000	12	36,000	12	36,000	12	36,000
-04	Engineer	72	216,000			12	36,000	12	36,000	12	36,000	12	36,000	12	36,000	12	36,000
-05	Field Economist (3)	21	63,000			21	63,000										
-06	Field Engineers (3)	21	63,000			21	63,000										
-09	Consultants	50	150,000	3	9,000	47	141,000										
11-99	SUB-TOTAL	383	1,149,000	6	18,000	137	411,000	48	144,000	48	144,000	48	144,000	48	144,000	48	144,000
16.	Other Costs		20,000				8,000		2,000		2,000		2,000		6,000		
19.	COMPONENT TOTAL		1,169,000		18,000		419,000		146,000		146,000		146,000		150,000		144,000
29.	Sub-Contract		500,000				200,000		900,000		900,000		900,000		1,000,000		1,100,000
49.	Equipment		55,000		10,000		20,000		5,000		5,000		5,000		5,000		5,000
59.	Miscellaneous		44,000				10,000		21,000		1,000		1,000		1,000		10,000
99.	GRAND TOTAL		6,268,000		28,000		649,000		1,072,000		1,052,000		1,052,000		1,156,000		1,259,000

PROJECT BUDGET COVERING AFESD CONTRIBUTION
(in U.S. dollars)

Project No.: REM/74/011/A/01/

Project Title: Programme for the Identification and Preparation
of Inter-country Investment Projects
and Related Feasibility Studies

		Total		1975		1976		1977		1978		1979		1980		1981	
		m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$	m/m	\$
10	Project personnel																
11	Experts																
11-01	Technical Expert	72	288,000			12	48,000	12	48,000	12	48,000	12	48,000	12	48,000	12	48,000
11-02	Technical Expert (Contract Officer)	72	288,000			12	48,000	12	48,000	12	48,000	12	48,000	12	48,000	12	48,000
11-03	Junior Economist	72	108,000			12	18,000	12	18,000	12	18,000	12	18,000	12	18,000	12	18,000
11-04	Junior Economist	72	108,000			12	18,000	12	18,000	12	18,000	12	18,000	12	18,000	12	18,000
11-05	Admin. & Finance Officer	72	288,000			12	48,000	12	48,000	12	48,000	12	48,000	12	48,000	12	48,000
11-99	SUB-TOTAL	360	1,080,000			60	180,000	60	180,000	60	180,000	60	180,000	60	150,000 ¹	60	180,000
13	Admin. Support Personnel	216	144,000			36	24,000	36	24,000	36	24,000	36	24,000	36	24,000	36	24,000
16	Other Costs		363,000		3,000		60,000		60,000		60,000		60,000		60,000		60,000
19	Component																
	TOTAL		1,587,000*		3,000		264,000		264,000		264,000		264,000		264,000		264,000
29	Sub-Contract Technical Back- Stopping**		5,000,000				200,000		900,000		900,000		900,000		1,000,000		1,100,000
		525	2,809,000	21	155,000	84	489,000	84	434,000	84	434,000	84	434,000	84	434,000	84	429,000
99	GRAND TOTAL		9,396,000		158,000		953,000		1,598,000		1,598,000		1,598,000		1,698,000		1,793,000

* This is the gross cost of the new inputs provided by the AFESD. It does not take into account Executing Agency's "overheads" receivable from UNDP.

** Refer para. 47.

¹ Should read "180,000"—Devrait se lire «180 000».

ANNEX 1

(This Annex constitutes part of the Project Document for
Project REM/74/011.)

A. *Facilities, Privileges and Immunities*

1. The UNDP, the Executing Agency and the Consultants and their respective personnel shall be accorded the facilities, privileges and immunities specified or envisaged in the Basic Agreements between the Governments and the UNDP (or its predecessor programmes) which may be applicable to the Project. No provisions in this Annex 1 shall be construed to limit or restrict the generality of any such applicable provision in the basic Agreements or in the Agreement of 16 May 1968 establishing the Arab Fund.

2. The Governments shall exempt the Consultants and their personnel from, or bear the cost of, any taxes, duties, fees, levies or other impositions which may be imposed under the laws and regulations in effect in their territories in respect of;

- (i) any payments made to the Consultants and their personnel in connection with the execution of the Project;
- (ii) any equipment, materials or supplies brought into the territories of the Governments for the purposes of the Project or which, after having been brought into such territories, may subsequently be withdrawn therefrom;
- (iii) any substantial quantities of equipment, materials and supplies obtained locally for the execution of the Project (such as, for example, gasoline and spare parts for equipment mentioned under sub-paragraph (ii) of this paragraph), provided that the types and approximate quantities to be exempted and the detailed procedures to be followed shall be agreed upon with the Governments; and
- (iv) any property (including one privately-owned automobile per employee) brought into the territories of the Governments by the Consultants' personnel for their personal use or consumption or which, after having been brought into such territories, may subsequently be withdrawn therefrom upon their departure.

3. The Consultants and their personnel shall:

- (i) be immune from legal process in respect of all acts performed by them in their official capacity for the purposes of the Project;
- (ii) be immune from national service obligations;
- (iii) be immune together with their families from immigration restrictions;
- (iv) be accorded the privileges of bringing into the territories of the Governments reasonable amounts of foreign currency for the purposes of the Project and for their personal use, and of withdrawing therefrom any such amount or amounts earned therein by such personnel;
- (v) be accorded together with their families the same repatriation facilities in the event of international crisis as diplomatic envoys; and
- (vi) be accorded inviolability for all papers and documents relating to the Project.

B. *Waiver of Immunities*

4. In the event that the Executing Agency retains the services of operational experts or consultants to assist it in the execution of project assistance, the privileges and immunities to which any such operational experts or consultants and their personnel may be entitled under any agreement between the UNDP and a Government may be waived by the Executing Agency where, in its opinion, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project concerned or to the interests of the UNDP or the Executing Agency; the Executing Agency shall waive such immunity in any case in which the UNDP so requests.

5. The Executing Agency shall provide the Governments through the Resident Representatives of the UNDP with a list of personnel to whom the privileges and immunities referred to above shall apply.

C. *Suspension; Termination*

6. (a) The UNDP may by notice to the Governments and the Executing Agency suspend the assistance to be provided by it in accordance with the Project Document if any condition arises which interferes with or threatens to interfere with the successful completion of the Project or the accomplishment of the purposes thereof.

(b) Any suspension pursuant to subparagraph (a) of this paragraph shall continue until such time as the UNDP shall give notice to the Governments and the Executing Agency that it is willing to resume such assistance.

(c) If any condition referred to in subparagraph (a) of this paragraph shall continue for a period of fourteen (14) days after notice thereof shall have been given by the UNDP to the Governments and the Executing Agency, then at any time thereafter during the continuance of such condition, the UNDP may by notice to the Governments and the Executing Agency terminate its assistance to the Project.

7. The Executing Agency may suspend or terminate its participation in the Project if it considers it necessary to do so.

8. In the event that the UNDP's assistance to the Project shall be terminated, the Executing Agency shall be entitled to make payments due to Consultants under their contracts only for the services rendered by them up to the effective date of such termination.
