

**INVITATION TO SUBMIT A  
PROPOSAL**

**for the provision of:**

***Global and regional analysis of  
Sustainable finance standards for commodities decoupled  
from deforestation***

**ISSUED ON: 7<sup>th</sup> October 2022**

**UPDATED ON: 8<sup>th</sup> December 2022**

**CLOSING DATE AND TIME: 16<sup>th</sup> January 2023 – 23:59 (CET)**

**FAO Office:** *FAO Forestry Division, REDD+ Team, FAO Headquarter,  
Viale delle Terme di Caracalla, Rome, Italy*

The Food and Agriculture Organization of the United Nations (“FAO” or “Organization”) is an intergovernmental organization with more than 196 member nations. Since its inception, FAO has worked to alleviate poverty and hunger by promoting agricultural development, improved nutrition and the pursuit of food security - defined as the access of all people at all times to the food they need for an active and healthy life.

Further and more detailed information on FAO can be found on the internet site:  
<http://www.fao.org/redd/>

This invitation is for the provision of non-commercial services under the FAO rules that govern Letters of Agreement (hereinafter referred to as “Agreement” or “LoA”). Under these rules only non-profit, intergovernmental, and governmental organisations are eligible to sign LoAs with FAO.

## **I. Background Information**

The Food Systems, Land Use and Restoration Impact Program (FOLUR IP), a seven-year initiative funded by the Global Environment Facility and led by the World Bank, seeks to promote sustainable integrated landscapes and efficient food value chains at scale. The programme consists of a global knowledge platform and 27 country projects. Country-level work will focus on accelerating action in landscapes and along value chains for eight major commodities, including livestock, cocoa, coffee, maize, palm oil, rice, soy and wheat. The FOLUR IP presents a unique opportunity to demonstrate that agricultural production can be sustainably enhanced, while safeguarding eco-systems services, halting deforestation and addressing climate change, biodiversity loss and land degradation. The approach offers a new business, finance and investment model of cross-sectoral and multi-disciplinary integration to advance holistic solutions across sectors and stakeholders, while gathering the evidence needed to achieve transformative results, at scale.

Deliverable 9 of FOLUR aims to tackle deforestation by developing and delivering a study on sustainable finance standards for deforestation-free commodities. With this objective in view, the FAO REDD+ Team aims to develop a scoping study and related stakeholder engagement activities to **identify a pathway towards establishing common rules or standards for “deforestation-free” or “forest-positive” finance**. This specific call aims to identify the most appropriate partner for conducting the scoping study, developing stakeholder engagement activities, and drafting the possible pathways towards establishing common rules or standards of “deforestation-free” or “forest-positive” finance.

In the framework of the recently endorsed [FAO new Strategic Framework](#), the results of this work will also feed into the [FAO “Better Environment” aspiration](#) - especially its Programme Priority Action on climate and agri-food systems.

Further information on FAO work on deforestation-free commodities: [FAO REDD+ homepage](#); [FOLUR Impact Program homepage](#); [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#); [OECD-FAO Practical Business Tool on Deforestation, Forest Degradation and Due Diligence in Agricultural Supply Chains](#); [CFS Principles for Responsible Investment in Agriculture and Food Systems \(CFS-RAI\)](#); [Approaches and tools for forest-positive commodity value chains - webinar series](#); UN work on [aligning lending and investment portfolios with net-zero emissions](#); and UN Environment Programme – Finance Initiative.

## II. Services required:

### II. Identification of needs

Global deforestation is one of the major sources of global greenhouse gas emissions, and therefore has significant financial implications for investors, including risks and opportunities.

Historically, the global deforestation rate has declined from 16 million hectares per year in 1990, to 10 million hectares per year ([FRA 2020](#)) between 2015 and 2020. Nonetheless, the level of forest loss is alarming. To meet the climate change 1.5 degrees roadmap, deforestation must decline 70% by 2030 and 95% by 2050 ([Roe et al. 2019](#)<sup>1</sup>). Main drivers of deforestation are vastly due to agricultural expansion, which globally contributes to almost 90 percent of deforestation ([FAO 2021](#)). Among the drivers of deforestation, forest-risk commodities, including soybeans, palm oil, beef and timber, are responsible for at least 40% of global deforestation, which accounts for approximately five percent of the global GHG emissions ([Pendrill et al. 2019](#)). Transforming the agrifood system is the game changer for halting deforestation, and thus realigning and greening financial investments are key for the systematic change that is needed to meet the climate change degrees roadmap ([FAO 2022](#); [UNEP 2021](#)).

The private sector plays a key role in the transformation of agrifood system production and reducing commodity-driven deforestation. While many companies have modified production to meet sustainable thresholds, companies with commitments to zero deforestation are still in the minority, and requirements from investors are further behind. Salient financial risks due to deforestation are on the horizon for investors, on top of the systemic financial risk caused by climate change ([Ceres 2020](#)). On the contrary, the investment opportunity on transforming supply chains to full sustainability is roughly said to have a total of 200 billion USD worth opportunities annually ([TFA 2017](#)). Correspondingly, CDP estimated from corporate reporting the financial impact of deforestation risk is estimated to be 53.1 billion USD, while the cost of responding to all risks was just over 6.6 billion USD ([CDP 2020](#)). During the UNFCCC COP26, facing this global challenge and opportunity, over 30 financial institutions with more than 8 trillion USD of assets committed to eliminating agricultural commodity-driven deforestation risks from their portfolios by 2025 ([Commitment letter](#)).

Investors have started to require corporations to develop policies and implementation plans for eliminating deforestation from their supply chains. However, a survey reported the requirements from investors to banks to commit to no-deforestation policies were limited to 16% ([Lauren 2019](#)<sup>2</sup>). When such requirements exist, those investor requirements can include imposing financial institutions and companies to: 1) include emissions from the deforestation linked to their activities in their climate targets; 2) set and implement no-deforestation policies; and 3) disclose the progress in eliminating deforestation including related emissions alongside the climate targets ([Ceres 2020](#)).

Financial institutions have actively started to act: the [Net-Zero Banking Alliance \(NZBA\)](#) brings together over 100 banks, representing 40% of global banking assets, to achieve net-zero emissions by 2050, including setting robust and science-based agricultural loans and investment portfolio targets. [The Network of Central Banks and Supervisors for Greening the Financial System \(NGFS\)](#) is a group of central banks and supervisors that share best practices and contribute to the environment and climate management in the financial sector and mainstream sustainable finance. In March 2022, NGFS

---

<sup>1</sup> Roe, S., Streck, C., Obersteiner, M. et al. Contribution of the land sector to a 1.5 °C world. *Nat. Clim. Chang.* 9, 817–828 (2019). <https://doi.org/10.1038/s41558-019-0591-9>

<sup>2</sup> Lauren (2019). Banking on a Low-Carbon Future, Boston Common Asset Management. <https://www.euractiv.com/wp-content/uploads/sites/2/2019/11/Full-Report-Finance-in-a-time-of-climate-crisis-FV.pdf>

developed the [Statement on Nature-Related Financial Risks](#) through the joint study on the recommendations of central bankers and financial supervisors to address financial risks associated with biodiversity loss, to support investments that are positive for the preservation of nature and to establish a Task force on Nature-related Risks. However, one of the key challenges for financial institutions to safeguard deforestation-free finance that Glasgow Financial Alliance for Net Zero (GFANZ) listed was inconsistent methodologies and implementation of enhanced due diligence checks of client's environmental data ([GFANZ 2021](#)).

To mainstream forest positive commodity finance and boost private sector initiatives, a common language and a clear definition of what is 'sustainable' is needed, along with guidance or standards on environmental, social and governance dimensions, to help assess sustainability aspects of investments related to deforestation-free commodities, including assessments of investment risks and liabilities. Relevant data and tools that facilitate access to information needed to ensure "forest-positive" investments are also critical.

In this framework – and within the mandate of FAO - the study will be used to identify and analysing possible pathways for mainstreaming rules or standards to establish deforestation-free lending and investment portfolios (see II.2 for the definition of target financial institutions) in responsible commodity supply chains, in collaboration with the FOLUR partners and countries.

This work will build on existing normative standards such as the CFS Principles for Responsible Agricultural Investments, and the multiple emerging initiatives and normative guidance related to sustainable finance and Environmental, Social and Governance (ESG) assessments in the context of greening public finance, blended finance and in private capital markets. In particular, it will take advantage of the practical tool on deforestation, forest degradation and due diligence in agricultural supply chains that FAO and OECD are jointly developing. This work will be done in close collaboration with other FOLUR partners, notably United Nations Environment Programme Finance Initiative (UNEP-FI) and United Nations Development Programme (UNDP), and other entities involved in fostering sustainable finance standards. The methodology will include a process of stakeholders' engagement to take stock and further enhance existing practices and tools from finance institutions, corporate and civil society stakeholders.

## II.2 Definitions and clarifications

- According to FAO's definition, deforestation is defined as the ["conversion of forest to other land use independently whether human-induced or not"](#).
- Commodities decoupled from deforestation vary based on the contextual definitions of forests and objectives for how deforestation should be considered. While this terminology is not internationally endorsed, it is referred to as "deforestation-free commodities" in the FOLUR project and therefore referred to as such in this call for expression of interest.
- Stakeholders: are target financial institutions that include international and national banks, insurance companies and other financial intermediaries. Service providers will complement the target financial institutions as needed.
- Existing standards on sustainable supply chains are generally developed at the international level, using the available data internationally. Analysis on national or subnational scale efforts on sustainable supply chain standards is still limited, and related data availability is challenging.
- Risks should include market and technology shift risks, reputational risks, policy and legal risks, and physical risks, but not limited. Ceres developed the [Case studies on business risks from deforestation](#) and should be referred to.

### II.3 Content of the work

The work will start with a **scoping study** on feasibility and options for specific guidance on eliminating deforestation/reducing deforestation risk from lending and financial portfolios, including in blended finance and capital market ESG criteria contexts, in close collaboration with FOLUR partners. This study will take stock of existing commitments and methods from stakeholders (see the definition in the 1.2) regarding deforestation and will list the principles and tools that are used in due diligence, implementation and accountability processes. It will identify key players at the international level on sustainable finance to prepare the stakeholder engagement process.

Indeed, numerous standards and initiatives on sustainable supply chains exist, including standards that aim for no-deforestation. Standards and initiatives can be found globally from different levels: investor requirements related to climate and ESG strategies; company commitments on policies and actions on deforestation and sustainable supply chains; and disclosure frameworks and initiatives in eliminating deforestation, including related emissions alongside the climate targets. To analyse the risks of deforestation for the finance sector, the service provider will need to consider guidance already developed, such as: CDP's Forest Analysis Report 2020 [‘The Collective Effort To End Deforestation A Pathway For Companies To Raise Their Ambition’](#); [‘Investor Expectations On Deforestation In Cattle Supply Chains’](#) and [‘Investor expectations on deforestation in soybean supply chains’](#) from PRI; Accountability Framework Initiative [Operational guidance](#); [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#); and [OECD-FAO Practical Business Tool on Deforestation, Forest Degradation and Due Diligence in Agricultural Supply Chains](#).

Second, the Service Provider will create the conditions for ensuring **stakeholder engagement** in the work. Relevant stakeholders, notably financial institutions of different categories and size and identified through the scoping study, will be invited to join a multi-stakeholder working group. The signatories of the “Financial Sector Commitment Letter on Eliminating Commodity-driven deforestation,” endorsed by 30 financial institutions at the COP26, should be considered the priority stakeholders in the working group. A survey will be designed with the working group and conducted among its members and beyond. It will aim to identify information and normative needs of the financial institutions related to processes of reducing the risks of deforestation linked to investments in agricultural value chains.

In order to prepare this survey and following steps of the work, the Service Provider will be asked to review scientific and technical publications and initiatives relevant to sustainable agricultural supply chains, sustainable investment in agriculture. The Service Provider will conduct and integrate the results of a **screening exercise of existing tools** that could be relevant to inform decision and accountability processes of institutional and corporate investors. This screening exercise will be conducted by the Service Provider, in collaboration with the FAO REDD+ team. Stakeholder engagement exercise will feed into the screening exercise, which will in turn inform the group of stakeholders for promoting the use of FAO tools and define possible additional developments to foster their relevance to inform sustainable finance. The results will be presented for the discussions at the multi-stakeholder working group and inform the definition of a pathway towards establishing common rules or standards for “deforestation-free” or “forest-positive” finance.

Building on the different inputs of the technical review, the screening exercise, the survey and the multi-stakeholder working group, the Service Provider will propose **a pathway** towards establishing common rules or standards for “deforestation-free” or “forest-positive” finance. The objective of the pathway would be to define if and how progress could be made toward the adoption by stakeholders of international or regional standards for “deforestation-free” investments. When developing the pathways, the service provider will emphasize supporting the financial institutions to contribute to enabling the “Financial Sector Commitment Letter on Eliminating Commodity-driven deforestation.” The

Climate Bonds Initiatives (CBI), an investor-focused international organization working to mobilize global capital for climate action, developed the Green [Taxonomy](#) as a resource for common green definitions across the global markets and provides screening criteria to achieve Paris targets, which can be referred to as a guide for principles (e.g., CBI's Agriculture Criteria ensures to limit deforestation and forest degradation).

Lastly, the Service Provider will propose and support the implementation of FAO's **awareness raising and capacity enhancement activities** on reducing the risk of deforestation associated to investments in agricultural value chains. Set of communication tools will be co-developed with the FAO REDD+ team. These activities will inform about the possible use of existing tools and capacity building programmes (including FAO's and UNEP-FI's) in the framework of "forest-positive investment." Awareness raising activities are supposed to disseminate the products that will be developed through this study, and this will be implemented with FAO. Supposed communication actions are virtual events that includes webinars or capacity development workshops. The service provider is expected to provide technical materials to present the study's results, including lessons learned, co-developed with the FAO REDD+ team.

## II.4 Commodities to be analyzed

Target commodities should be focused on relevant FOLUR Impact Programme target commodities (livestock, cocoa, coffee, palm oil, and soy) and derived products. The Service Provider will discuss in its proposal the possibility of including other commodities covered by FOLUR (corn, wheat, rice) and/or considered other "forest risk commodities" (e.g., timber, rubber). The final decision of the scope of the commodities will be taken in the inception phase. The Service Provider will also consider the exposure of the commodities based on the sectors and industries represented in each portfolio, as well as the geographic location.

The list of commodities to be included in the scope will be approved by FAO upon review of the submitted proposal, as one of the first steps of the study in the inception report.

## II.5 Standards, guidance, initiatives, tools to be considered in the analysis

Various standards and initiatives have been developed to transition commodity finance to decouple from deforestation. In a broader category, following areas of work are initially identified as the key dimensions of work to demonstrate deforestation-free commitments. The Service Provider will complement the initial list provided below and develop further analysis of the key dimensions of work to demonstrate deforestation-free supply chains to identify the key initiatives and standards, experiences from stakeholders in applying them and related gaps. The framework of the analysis will be approved by FAO upon proposal of the Service Provider, as one of the content of the inception report. The list of standards will be finalized by FAO upon proposal of the Service Provider, as part of the draft scoping study.

Four key dimensions of work to demonstrate deforestation-free commitments <sup>1</sup>		Key guidance and initiatives*
Awareness and Governance	<ul style="list-style-type: none"> <li>Awareness and oversight at the board level</li> </ul>	- CDP's Forest Analysis Report 2020 <a href="#">‘The Collective Effort To End Deforestation A Pathway For Companies To Raise Their Ambition’</a>

<sup>1</sup> The four key expectations are categorized based on the PRI's Investor expectations on deforestation in soybean supply chains and cattle supply chains, and the final recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

	<ul style="list-style-type: none"> <li>• Deforestation policy with measurable commitments</li> </ul>	<ul style="list-style-type: none"> <li>- Ceres's '<a href="#">Investor guide to deforestation and climate change</a>'</li> <li>- PRI's '<a href="#">Investor Expectations On Deforestation In Cattle Supply Chains</a>' and '<a href="#">Investor expectations on deforestation in soybean supply chains</a>'</li> <li>- '<a href="#">Eliminating Commodity-Driven Deforestation: Finance Sector Roadmap</a>'</li> </ul>
Risk Management and Traceability	<ul style="list-style-type: none"> <li>• Identify, assess and manage risks of deforestation and related opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>- Ceres's Case studies on business risks from deforestation</li> <li>- <a href="#">OECD-FAO Guidance for Responsible Agricultural Supply Chains</a>; and <a href="#">OECD-FAO Practical Business Tool on Deforestation, Forest Degradation and Due Diligence in Agricultural Supply Chains</a>.</li> <li>- '<a href="#">Deforestation tools assessment and gap analysis: How investors can manage deforestation risk</a>'</li> <li>- UNEP-FI's 'Principles for responsible banking'</li> <li>- WWF's 'Assessing portfolio impacts'</li> <li>- Certification scheme and related criteria<sup>1</sup></li> </ul>
Strategy and Risk Mitigation	<ul style="list-style-type: none"> <li>• Participation in relevant initiatives.</li> <li>• Public disclosure of procurement standards and systems</li> </ul>	<ul style="list-style-type: none"> <li>- Accountability Framework Initiative: <a href="#">Core Principle 1</a></li> <li>- <a href="#">Climate Bonds Initiative (CBI)</a></li> <li>- The Investor Initiative for Sustainable Forests (IISF) by PRI</li> <li>- PRI Investor Working Group on Sustainable Palm Oil</li> <li>- Consumer Goods Forum (CGF) Forest Positive Coalition</li> <li>- Climate Action 100+</li> <li>- Science Based Target initiative (SBTi)</li> <li>- Accountability Framework Operational Guidance on Supply Chain Management</li> <li>- Taskforce on Nature-related Financial Disclosures (TNFD)</li> <li>- Task Force on Climate-related Financial Disclosures (TCFD)</li> </ul>
Metrics and Monitoring	<ul style="list-style-type: none"> <li>- Public disclosure of quantifiable progress towards deforestation commitments</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#">CDP Forests reporting</a> guideline</li> <li>- CDP's Climate Change Questionnaire and Forests questionnaire</li> <li>- Forest 500</li> <li>- <a href="#">WWF's DCF Implementation Toolkit</a></li> <li>- Land Matrix</li> <li>- Landscape</li> <li>- Supply Change</li> </ul>

<sup>1</sup> Examples of deforestation-free commodity certifications include:

- Global Roundtable for Sustainable Beef (GRSB)
- Round Table on Responsible Soy Association (RTRS)
- The ProTerra Standard
- Roundtable on Sustainable Palm Oil (RSPO)
- ISO 34101 Sustainable and traceable cocoa
- Regional standards (e.g., African Regional Standard)
- UTZ Certification
- The Common Code for the Coffee Community (4C)

\*Note: For some of the key guidance and initiatives, it is categorized under the areas/dimensions of major contribution. However, it is noteworthy that some of the guidance/initiatives contributes to other dimensions as well.

The Service Provider will propose a methodology to adapt the available datasets to the scale of the study, notably ensuring that economic and social data can be related to spatially explicit information on deforestation.

## II.6 Stakeholder engagement plan

The Service Provider will be responsible for defining and proposing the stakeholder engagement plan based in a stakeholder analysis, as well as the detailed methodologies of the survey and detailed engagement plan with the identified partners. Stakeholder engagement plan is expected to be proposed by the Service Provider and will be approved by FAO in the inception phase, including the formulation of the objectives, roles, and responsibilities of the working group and members.

A survey will be conducted at the initial phase of the stakeholder engagement process to identify information and normative needs related to those processes. This activity will aim to identify a pathway towards establishing common rules or standards for “deforestation-free” or “forest-positive” finance. This will feed activity 3 (screening exercise, to be conducted by the FAO REDD+ team) which in turn will submit results to the group of stakeholders for promoting the use of exiting tools and define possible additional developments to foster their relevance to informing sustainable finance. This activity will also cover discussions to identify a pathway towards establishing common rules or standards for “deforestation-free” or “forest-positive” finance.

For the detailed stakeholder engagement plan, it is expected to start from identifying the scope of the study to identify the gap of the stakeholder engagement plan. Initial plan of the stakeholder engagement plan is as following:

Programme	Content	Format	Potential timeline (to be defined and adjusted)
Inception workshop	Share the draft concept, methodologies, and scope of developing the pathway.	Predefine the Working group and send the invitation with draft concept note in 2 weeks in advance. The workshop will be held online.	May/June 2023
Mid-term workshop	Review of the first draft of the pathway	Send the first draft of the pathway in 2 weeks in advance. The workshop will be held online.	November 2023
Final workshop	Review of the second draft the pathway	Send the final draft of the pathway in 2 weeks in advance. The workshop will be held online.	July 2024

The stakeholder engagement plan will aim to engage with existing alliances and initiatives to maximize the outcomes and not duplicate efforts. Potential initiatives are listed in the following table, but are not



limited to. Potential alliance/initiative to collaborate is expected to be proposed by the Service Provider and will be approved by FAO in the inception phase.

<i>Name of the alliance/initiatives/groups</i>	<i>Brief description</i>	<i>Main members and target users</i>
The Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	NGFS supports strengthening the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development.	Banks (over 100 banks representing 40% of global banking assets)
The Climate Bonds Initiatives (CBI)	CBI works to mobilize global capital for climate action. CBI develops the Climate Bonds Standard and Certification Scheme, Policy Engagement and Market Intelligence work.	Providing information to various stakeholders
Accountability Framework Initiative (AFi)	AFi is a collaborative effort to build and scale up ethical supply chains for agricultural and forestry products. AFi promotes the use of the Accountability Framework to accelerate progress and improve accountability for ethical supply chain commitments for agricultural and forestry products.	Accountability Framework targets: companies, industry groups, financial institutions, governments, and other sustainability initiatives, both globally and in commodity-producing countries.
Consumer Goods Forum (CGF) Forest Positive Coalition	The Forest Positive Coalition aims to drive collective, transformative change in order to remove deforestation, forest conversion and degradation from key commodity supply chains and support forest positive businesses.	Twenty-one of the world's largest consumer goods retailers and manufacturers are members
Science Based Target initiative (SBTi)	SBTi drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.	Companies and financial institutions

The stakeholder engagement plan to be implemented for the work, aims to collect the gaps and needs of the financial institutions and develop the pathway toward adopting common rules or standards for establishing forest positive commodity finance portfolios. During the implementation of the study the Service Provider will be asked to engage with a number of teams in FAO that work on FOLUR Impact Programme, and the teams that deal with agricultural production, trade, forest finance and related land use changes.

## **II.7 Overall study methodology**

The Service Provider will have the responsibility to define and propose for agreement with FAO, the methodology to be used in the study, clearly assessing and describing its advantages and limitations. Such proposal and definition will have to be based on existing literature, to be identified and reviewed by the Service Provider, available data, objectives of the study and resources affected to it.

During the implementation of the study the Service Provider will be asked to engage with a number of teams in FAO that work on FOLUR Impact Programme, and the teams that deal with agricultural production, trade, forest finance and related land use changes so to define possible pathways for integration of financing to deforestation issues related to commodities.

## II.8 Deliverables

The following table presents expected outputs and indicative timeline, both could be fine-tuned and adapted in the initial discussions between FAO and the selected provider. All outputs are expected to be presented in English.

Desired outputs		Key performance indicators per output	Timeline for the delivery of the outputs:
Output	Expected content		
<b># 1 Inception report</b>	<p><b>Methodological approach:</b> Detailed description of the scope, literature review, methodologies and tools to be used</p> <p><b>Stakeholder engagement plan:</b> Proposal of the detailed planning of the stakeholder engagement plan based on a stakeholder analysis, including the draft outline of the survey and detailed engagement plan.</p> <p><b>Adapted timetable</b> for the development of the study</p>	Inception report including all expected content submitted for consideration and review of FAO team.	3 weeks from the signature of the LoA
<b>#2 Scoping study –</b>	<p>Scoping study on feasibility and options for specific guidance on eliminating deforestation/reducing deforestation risk, including in blended finance and capital market ESG criteria contexts:</p> <ul style="list-style-type: none"> <li>• In close collaboration with FOLUR partners</li> <li>• Taking stock of existing commitments and methods</li> </ul>	Draft report submitted to FAO for review and feedback	March 2023
<b>#3 Survey to identify information, gaps and normative</b>	<ul style="list-style-type: none"> <li>○ Survey targets, including the contacts</li> <li>○ Detailed questionnaire and methodological approach, including the proposed timeline,</li> </ul>	Survey and analysed results	May 2023, with intermediate milestones to be identified

<b>needs related to those processes</b>	<p>target, analysis methods, and expected outcomes.</p> <ul style="list-style-type: none"> <li>○ Analysis of the results of the survey: Identify the information and normative needs related to forest positive commodity finance.</li> </ul>		
<b>#4 Screening exercise</b>	<ul style="list-style-type: none"> <li>○ Results of the exercise to identify FAO tools and data relevant for informing sustainable finance</li> </ul>	Draft list of tools with descriptions submitted to FAO for review and feedback	June 2023
<b>#5 Possible pathway establishing common rules or standards for “deforestation-free” or “forest-positive” finance –</b>	<ul style="list-style-type: none"> <li>○ Report presenting a possible pathway</li> </ul>	Draft report submitted to FAO for review and feedback	July 2023, with intermediate milestones to be identified
<b>#6 Final Report</b>	Final report that compiles all the deliverables of this study (scoping study, gap identification survey, screening exercise, possible pathway establishing common rules or standards, and outcomes of the stakeholder engagement activities)	Draft material submitted to FAO for review and feedback	August 2024, with intermediate milestones to be identified
<b>#7 Awareness raising actions</b>	<p>Proposal and support on the awareness raising / training actions, considering different alliances and initiatives commitments and work programmes.</p> <p>Report of actions realized including list of participants and their feedback on the actions’ utility and effectiveness including capturing lessons learned (what worked well, did not work so well and should be improved).</p>		Mid /end of November 2024, with intermediate milestones to be identified and agreed
<b>#8 Closure event</b>	<ul style="list-style-type: none"> <li>○ Concept and technical material for the organization – with FAO team - of a technical event to present the results of the study</li> </ul>	Draft material submitted to FAO	Mid /end of December 2024, with intermediate

	including lessons learned. Such event / session will tentatively take place around the end of the study. Further details and exchanges will be undertaken in the inception period of the collaboration.	for review and feedback	milestones to be identified
<b>#10 Final administrative documents</b>	Narrative and financial report on the completion of the collaboration with FAO	Short (maximum 5-6 pages) narrative and financial report (templates/ information to be shared at inception phase)	Latest by the end of December 2024

### **III. Procedures and Conditions**

FAO hereby invites you to submit a Proposal in connection with the above described services. Your Proposal should be based on the requirements included herewith; it is subject to the following procedures and conditions which you deemed to have accepted by submitting a Proposal.

In submitting your Proposal, you are supposed to have considered all aspects relevant to the performance of the proposed Agreement and to have obtained all necessary information and data as to risks, contingencies and other circumstances which may influence or affect your Proposal;

It is understood that all documents, calculations, etc. which may form part of your Proposal will become the property of FAO, who will not be required to return them to your organisation;

FAO may decide to make a partial award or no award at all should it consider that the results of this invitation for Proposal and/or any other related circumstance so require;

FAO shall have no obligation to purchase any minimum quantities of goods or services from your organisation, and shall have no limitation on its right to obtain goods or services of the same kind, quality and quantity as described in this Proposal from any other source at any time;

All costs incurred to prepare your Proposal have to be borne by you; FAO will not be liable to reimburse any or all of such cost;

FAO reserves the right to publish the details of awards, including the Service Provider's name and country, total value of the Agreement and a brief description of the services.

FAO has a zero tolerance approach to fraud, and it prohibits any entities from engaging in corrupt, fraudulent, collusive, coercive, unethical and obstructive practices when participating in procurement activities. As provided by the Vendor Sanctions Procedures ([http://www.fao.org/fileadmin/user\\_upload/procurement/docs/FAO\\_Vendors\\_Sanctions\\_Policy\\_-\\_Procedures.pdf](http://www.fao.org/fileadmin/user_upload/procurement/docs/FAO_Vendors_Sanctions_Policy_-_Procedures.pdf)), if the Organization determines that an entity has engaged in such conduct, it will impose sanctions and may share information on sanctioned entities with other Intergovernmental or UN Organizations;

An entity and its affiliates, agents and subcontractors should not be suspended, debarred, or otherwise identified as ineligible by any Intergovernmental or UN Organization, including any organization within the World Bank Group or any multi-lateral development bank, or by the institutions and bodies of economic integration organizations (e.g., the European Union). You are therefore required to disclose to the Organization whether your organisation, or any of your affiliates, agents or subcontractors, is subject to any sanction or temporary suspension imposed by any such organization or National Authority at any time during the three years prior to the Agreement or at any time throughout the execution of the Agreement. You acknowledge that a breach of this provision will entitle FAO to terminate its Agreement with your organisation, without any liability for termination charges or any other liability of any kind of FAO, and that material misrepresentations on your status constitute a fraudulent practice;

Bidders must certify that their organisation is not associated, directly or indirectly, with entities or individuals (i) that are associated with terrorism, as in the list maintained by the Security Council Committee established pursuant to its Resolutions 1267 (1999) and 1989 (2011), or (ii) that are the subject of sanctions or other enforcement measures promulgated by the United Nations Security Council. Selected bidders also agree to undertake all reasonable efforts to ensure that none of the funds received from FAO under the awarded Agreement are used to provide support to individuals or entities associated with terrorism or that are the subject of Security Council sanctions. This provision must be included in any subcontracts, sub-agreements or assignments entered into under the awarded Agreement. The Bidder acknowledges and agrees that this provision is an essential term of the awarded Agreement and any breach of these obligations and warranties shall entitle FAO to terminate the Agreement immediately upon notice to the Service Provider, without any liability for termination charges or any liability of any kind of FAO;

Bidders must certify that their organisation and/or subcontractors are not associated, directly or indirectly, with the consultant or any other entity who prepared the terms of reference or other bidding documents for this tender;

Please note that Bidders who use an independent consultant to assist in the preparation of Proposals may risk engaging in unacceptable practices if the same consultant assists another Bidder to prepare a Proposal for the same tender. Bidders are reminded that they are fully responsible for the conduct of any consultant who may be used to prepare Proposals for FAO

tenders and they should take all measures to ensure that any independent consultant engaged to assist in the preparation of a Proposal for an FAO tender has not and will not be involved in the preparation of a Proposal for another Bidder for the same tender process.

Bidders are kindly requested to disclose to the best of their knowledge whether their organisation has any personal or professional relationships with FAO. The disclosure shall include all relevant details and should include, but not be limited to:

- ANY current or past employment relationship with FAO of your organisation's representatives and employees;

- ANY current or past relationship with any FAO staff member (family members, spouses, etc.) of your organisation's representatives and employees.

### **Closing Date**

Your Proposal should reach the FAO office not later than the date and time indicated in the first page of this notice.

We would appreciate your acknowledging receipt of this invitation and indicating your intention as to whether or not you will submit a Proposal by email to: [FAO-Reddplus-Info@fao.org](mailto:FAO-Reddplus-Info@fao.org) with the subject: "Global and regional analysis of Sustainable finance standards for deforestation-free commodities"

### **Communications Concerning this Proposal**

**All communications** concerning this Proposal should be submitted uniquely through the following channel of communication:

email to [FAO-Reddplus-Info@fao.org](mailto:FAO-Reddplus-Info@fao.org) copying [FOLUR-IP@fao.org](mailto:FOLUR-IP@fao.org)

The title of any message should include the words "Global and regional analysis of Sustainable finance standards for commodities decoupled from deforestation"

If your Proposal is submitted by email it should be in pdf format.

The Proposal should consist of two parts: a Technical Part and Financial Part, which should be prepared as follows:

The Technical Component should include:

- a. The description and number of years of experience of the Service Provider in the field of the required services and the area of intervention as applicable (to be described through a table

of relevant references – certifications may be requested by FAO later in the process and should not be included in the technical proposal);

- b. The proposed methods and processes suitable and feasible to achieve the outputs mentioned above within the required timeline (to be described in Appendix A “Workplan”) and in conformity with the performance indicators (max. 8 pages);
- c. If applicable the suggested adjustments to deliverables (outcomes and calendar) presented in section I.8 of the present call for proposal, with rationale for the proposed changes;
- d. The description of the team proposed to develop the study, including information on the respective roles and a short biography (max. 250 words) for each member of the team
- e. Complete CV for each member of the proposed team
- f. A list of relevant initiatives or publications supported by the members of the proposed team
- g. The description of the reports, documents and other outputs to be provided during and after implementation of the required services;
- h. The full name, address, fax and/or email address and telephone numbers of your organisation (association, institute, etc.) and contact persons;
- i. The banking details (name and location of bank, account number).

Please note that FAO will make the relevant LoA payments to the bank account indicated by the selected Service Provider. The bank account holder name must be the name of Service Provider.

#### Financial Part

A detailed cost estimate (i.e. a budget in accordance with Appendix B) based on a workplan including all the costs for the delivery of the required services / implementation of the Agreement. The budget should be broken down by the inputs that are required to carry out the activities avoiding the use of activity-based lumpsums. Budget items and the corresponding objective units of measurement should be well defined, and should be calculated by multiplying the quantity (i.e. the number of units) by the unit cost (i.e. the estimated cost per unit) .

All assumptions should be documented. For the use of the proposal, the budget should be established in United States Dollars.

*Proposals will only be considered if they contain all of the above information and documents and observe the provisions of the enclosed agreement (see Annex I).*

#### **IV. Evaluation**

The Proposals received will be evaluated by applying the mandatory requirements and the qualitative evaluation criteria indicated below. The Pass/Fail methodology will be used for the mandatory requirements, whilst the qualitative evaluation criteria will be rated.

FAO reserves the right to consider and disqualify organizations based on documented prior poor performance, including but not limited to poor quality of services provided, late delivery and unsatisfactory performance. FAO also reserves the right to have further discussions/negotiations with the Bidder prior to issuance of an Agreement

##### **Mandatory Minimum Requirements**

Your Proposal will only be considered if the Proposal and your organisation meet the following minimum requirements:

1. You should provide an explicit written acceptance of the terms and conditions applicable to FAO Letters of Agreement as laid out in the LoA template in the Annex I.
2. You should provide evidence of the legal status of your organisation to demonstrate the eligibility to sign Letters of Agreement with FAO, including the registration certificate with the relevant country authorities.
3. You should provide all requested elements of the technical and financial proposals.
4. You should prove experience in the field of the required services, including in supporting work on sustainable finance, notably in the agricultural sector, and develop collaborative work with financial institutions of different sizes, types and regions.
5. You should demonstrate that the capacities of the proposed team cover at least the following fields of expertise: public and private finance, private and public investments in soft commodity value chains, sustainable finance standards, due diligence and risk assessment, stakeholder engagement, land use changes and deforestation.

##### **Weighted Evaluation Criteria**

Your Proposal will be further evaluated based on the following criteria and relevant weights listed in the table below:

<b>Criteria</b>	<b>Weights/points</b>
Number of initiatives or publications supported by the members of the proposed team (1 point/publication or initiative up to 10 points)	10
Technical quality of the proposed methodology	30
Conformity and feasibility of proposed schedule	5



Qualifications of the key personnel proposed	25
Adequacy of resources (notably quantity of human resources proposed for the study), financial and operational capacity of the organisation	10
<b>Total Technical criteria</b>	<b>80</b>
<b>Financial Proposal*</b>	<b>20</b>
<b>Total score (technical + financial)</b>	<b>100</b>

Technical Proposals will be evaluated first and ranked accordingly to the above criteria. Please note that the Technical Proposal will 80 % of the overall evaluation.

\* Points for the financial offers will be calculated according to the following formula:

$$\text{Points} = (A/B) * 20$$

Example: Bidder A's price is the lowest at [\$10.00]. Bidder A receives [20] points

Bidder B's price is [\$20.00]. Offer B receives  $[(\$10.00/\$20.00) * 20 = 10 \text{ points}]$

Bidder C's price is [\$25.00]. Offer C receives  $[(\$10.00/\$25.00) * 20 = 8 \text{ points}]$

**Please note that for the financial offer, Bidders must stay within the range below 50,000 USD.**

**Total score calculation: Technical Score\* + Financial Score\*\***

\*e.g. maximum 80 points

\*\* e.g. maximum 20 points

I take this opportunity of expressing my appreciation of your interest in assisting FAO in its implementation of this undertaking.

Yours sincerely,

FAO Budget Holder: Fritjof Boerstler, Senior Natural Resources Officer - Global Programme Coordinator, GEF-7 Dryland Sustainable Landscapes & Food Systems, Land Use and Restoration Impact Programmes, Climate Change and Resilience Team, Forestry Division, FAO

## APPENDIX A: Workplan

[illegible]


## APPENDIX B: Budget

SPECIFY CURRENCY:					
Cat. No.	Items Description (ITEMISE IN DETAIL)	Unit of measurement	Qty (no. of units)	Unit Cost	Total Cost
1	HUMAN RESOURCE INPUTS (Staff time and consultants...)				
1.1					
1.2					
1.3					
...					
2	EXPENDABLE EQUIPMENT ANCILARY TO SERVICES				
2.1					
2.2					
2.3					
...					
3	TRAVEL (Flights, inland travel...)				
3.1					
3.2					
...					
4	ACCOMMODATION (board and lodging costs...)				
4.1					
4.2					
4.3					
5	GENERAL OPERATING AND MAINTENANCE EXPENSES				
5.1					
5.2					
5.3					

6	-----OTHER CATEGORY (Specify)-----				
6.1					
6.2					
6.3					
...					
	TOTAL COSTS				

## APPENDIX C: Description of competencies and CVs of key personnel

(please include the CVs of the relevant key staff as an appendix to your proposal)

## ANNEX I: LoA Template

### **LETTER OF AGREEMENT**

between

the Food and Agriculture Organization of the United Nations

and

*[Complete legal name of the institution]*

*[Full official address]*

for provision of

*[Brief title of services]*

TABLE OF CONTENTS

Letter of Agreement..... Page 1

General Terms and Conditions for Letters of Agreement..... Annex A

Terms of Reference and Payment Provisions..... Annex B

Special Conditions and Derogations; Additional Provisions..... Annex C



This Letter of Agreement (hereinafter the “LoA” or the “Agreement”) is made between the Food and Agriculture Organization of the United Nations (hereinafter referred to as “FAO”) and [complete legal name of the Service Provider] ([also operating as insert name in language of the LoA if different from legal name,] hereinafter referred to as the “Service Provider”).

FAO and the Service Provider (hereinafter collectively referred to as the “Parties”), in consideration of the mutual covenants and agreements contained herein, hereby agree as follows:

### 1. Scope of Services

The Service Provider will provide certain services (the “Services”) described in detail in Annex B in support of the [name of project or programme of work and brief description].

### 2. Definitions

For the purposes of this Agreement, if not otherwise defined herein, the definitions listed in Annex A shall apply.

### 3. Compensation

To enable the Service Provider to provide the Services, FAO will pay the Service Provider a total amount not exceeding [specify currency and amount in numbers (write out amount and currency type in words)], which represents FAO’s maximum financial liability under this Agreement (“Maximum Financial Liability”). Payments shall be made in accordance with the payment provisions set forth in Annex B.

### 4. Designation of the FAO LoA Manager

Mr./Ms. [....., title, ..... address, phone, email] is designated the officer responsible for the management of this Agreement (“LoA Manager”) on behalf of FAO.

### 5. Entry into Force and Term

The Agreement will enter into force upon the later of [enter date and year] and the date both Parties have signed the agreement (the “Effective Date”). Services shall be provided until [.....] (the “Services End Date”), unless terminated earlier in accordance with the provisions below, or extended by mutual, written agreement (the period between the Effective Date and the Services End Date, is hereinafter referred to as the “Operational Period”). Following the Operational Period there will be an additional period of 30 calendar days during which the Service Provider shall complete and submit to FAO the Final Report (the “Closure Period”). The Agreement shall terminate at the end of the Closure Period.

### 6. Purpose of the LoA

- a. The purpose for which the funds provided by FAO under this Agreement shall be used is the following: [describe briefly the purpose].
- b. The Service Provider will produce, achieve or deliver the following outputs: [provide summary list of the outputs expected].

A detailed description of the Services, including technical and operational requirements, budget, work plan and timeframe, performance indicators and means of verification, as well as inputs to be provided free-of-charge by the Parties, if any, are set out in detail in Annex B.

## 7. Notices and Communications

All notices and other binding communications shall be in English, Spanish or French and shall be deemed to have been validly given (a) when delivered in person, (b) upon receipt after dispatch by registered or certified mail or international courier service, (c) upon confirmation of receipt by facsimile transmission or by email, in each case addressed as follows:

if to FAO:

*[insert name and title from paragraph 4 above]* \_\_\_\_\_

*[address]* \_\_\_\_\_

*[fax/email]* \_\_\_\_\_

if to the Service Provider:

*[name/title]* \_\_\_\_\_

*[address]* \_\_\_\_\_

*[fax/email]* \_\_\_\_\_

or to such other address as either Party may from time to time specify in writing to the other Party.

## 8. Terms and Conditions; Interpretation of the Contract

This Agreement is subject to the General Terms and Conditions for Letters of Agreement attached hereto as Annex A. The provisions of such Annex shall control the interpretation of this Agreement and in no way shall be deemed to have been derogated by the contents of this LoA or any other Annexes, unless otherwise expressly stated under Annex C of this LoA, entitled “Special Conditions and Derogations.”

## 9. Annexes, Appendices, Schedules; Integration

The Annexes, Appendices and Schedules to this Agreement constitute an integral part of this Agreement and together constitute a single binding contractual instrument.

## 10. Entire Agreement; No Prior Agreement

This Agreement constitutes the entire agreement between the Parties and terminates and supersedes any and all prior agreements and understandings (whether written or oral) between the Parties with respect to the subject matter of this Agreement.

**Signed on behalf of the Food and Agriculture Organization of the United Nations:**

Name and title of FAO Officer: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Signed on behalf of *[full name of the Service Provider]*:**

Name and title of the authorized signatory for Service Provider: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

The Service Provider will sign two copies of this Agreement and initial each page of this Agreement and its Annexes and return one complete executed set to the LoA Manager.

**ANNEX A TO LETTER OF AGREEMENT:  
GENERAL TERMS AND CONDITIONS FOR LETTERS OF AGREEMENT**

**Article I. DEFINITIONS**

**Section 1.01 Agreement:** As defined in the preamble to the LoA, the agreement between the Parties hereto.

**Section 1.02 Closure Period:** As defined in the LoA in paragraph 5, the additional period of time granted to the Service Provider to prepare and submit to FAO the Final Report.

**Section 1.03 Confidential Information:** As defined in this Annex A, Section 13.01, below.

**Section 1.04 Credit Event:** Any sudden and tangible (negative) change in the Service Provider's credit standing or decline in credit rating or other event that brings into question the Service Provider's ability to repay its debt.

**Section 1.05 Effective Date:** As defined in the LoA in paragraph 5, the date this Agreement enters into force.

**Section 1.06 Executing Institution:** An Executing Institution can be any of the following institutions selected to provide Services to, or on behalf of, FAO under the provisions of Manual Section 507: i) a United Nations or other Intergovernmental organization; ii) a national or local government body; iii) an Eligible Entity with whom FAO has established by means of a Memorandum of Understanding an official partnership agreement with a partnership objective relevant to the purpose and the activities of this Agreement. For purposes of this Agreement, (i) the Executing Institution shall be the entity named in the preamble to the LoA and (ii) the terms Service Provider and Executing Institution are used interchangeably.

**Section 1.07 FAO:** Food and Agriculture Organization of the United Nations.

**Section 1.08 Final Report:** As defined in this Annex A, Section 9.01, below.

**Section 1.09 Financial Period:** , The period from the Effective Date at the outset of the Operational Period to the end of the Closure Period[ referred to in the LoA in paragraph 5].

**Section 1.10 Force Majeure:** As defined in this Annex A, Section 17.03, below.

**Section 1.11 Intergovernmental:** An organization established by a treaty or charter, and which is made up of sovereign nations.

**Section 1.12 Key Personnel:** Any persons whose names are set forth on Annex B, Appendix 2, if any.

**Section 1.13 LoA:** Specifically, this Letter of Agreement. Generally, a contractual instrument used to obtain Services from a Service Provider in accordance with FAO's policies, regulations and procedures described in detail in Section 507 of the Administrative Manual.

**Section 1.14 LoA Manager:** The person named in paragraph 4 of the LoA, or such other person as has duly been appointed by FAO to replace such person.

**Section 1.15 Manual Section 507:** FAO's Administrative Manual for letters of agreement

**Section 1.16 Maximum Financial Liability:** As defined in the LoA in paragraph 3, the amount representing FAO's maximum financial liability under this Agreement.

**Section 1.17 Miscellaneous Income:** As defined in this Annex A, Section 8.02, below.

**Section 1.18 Operational Period:** As defined in the LoA in paragraph 5, the period between the Effective Date and the Services End Date.

**Section 1.19 Party or Parties:** As defined in the preamble to the LoA, each of FAO and the Service Provider shall be a Party under this Agreement and collectively shall be referred to as the Parties.

**Section 1.20 Returnable Items:** As defined in this Annex A, Section 8.01, below.

**Section 1.21 Service Provider:** The entity named in the preamble to the LoA, selected to provide Services to, or on behalf of, FAO under the provisions of FAO Manual Section 507. In specific circumstances the Service Provider may be referred to in the LoA as the Executing Institution. For the purpose of this Agreement, the terms Service Provider and Executing Institution are used interchangeably.

**Section 1.22 Services:** Those services defined in the LoA in paragraph 1 and more fully described in Annex B of this Agreement. For purposes of any LoA with an Executing Institution the terms Services and Activities are used interchangeably.

**Section 1.23 Services End Date:** As defined in the LoA in paragraph 5, the date the Operational Period ends.

**Section 1.24 Termination Event:** As defined in this Annex A, Section 18.01.

**Section 1.25 VAT:** Value Added Tax.

**Article II. LEGAL STATUS OF THE PARTIES**

**Section 2.01** Pursuant, inter alia, to the FAO Constitution and the Convention on the Privileges and Immunities of the Specialized Agencies, FAO has full juridical personality and enjoys such privileges and immunities as are necessary for the independent fulfilment of its purposes.

**Section 2.02** Nothing contained in this Agreement or in any document or arrangement relating thereto shall be construed as conferring any privileges or immunities of FAO on the Service Provider, its personnel or any other persons providing the Services on its behalf.

**Section 2.03** The Service Provider shall be registered as a governmental, Intergovernmental (e.g. other United Nations organization), non-governmental or other not-for-profit entity. It shall have independent legal status vis-à-vis FAO, and it shall be fully responsible, in particular, for the acts and omissions of its personnel, agents and other representatives.

**Section 2.04** None of the officials, representatives, employees, or subcontractors of either of the Parties shall, by virtue of this Agreement, be considered in any respect as being an employee or agent of the other Party and nothing contained in this Agreement or in any document or arrangement relating thereto shall be construed as establishing or creating between the Parties the relationship of employer and employee or of principal and agent. The personnel assigned by the Service Provider to provide the Services shall not be considered in any respect as being employees or agents of FAO.

**Article III. RESPONSIBILITY FOR EMPLOYEES; KEY PERSONNEL**

**Section 3.01** The Service Provider will be responsible for all activities related to the provision of the Services and the acts or omissions of all employees, agents (including subcontractors) and other representatives providing the Services on its behalf.

**Section 3.02** FAO will not be held responsible for any accident, illness, loss or damage that may occur during the provision of the Services or any claims, demands, suits or judgements arising therefrom, including for any injury to the Service Provider's employees, agents (including subcontractors) or other representatives or to third parties, or any loss of, damage to, or destruction of property of third parties, arising out of or connected to the Service Provider's work or performance under this Agreement. Consequently, FAO will not entertain any request or accept any claim for indemnities resulting from such occurrence.

**Section 3.03** Upon FAO's request, the names of the persons selected by the Service Provider to provide Services hereunder shall be set forth on Appendix 2 to Annex B (such persons shall be deemed "Key Personnel"). FAO may also require that detailed personal history statements for Key Personnel be furnished to FAO. During the Operational Period, the Service Provider shall not substitute any Key Personnel without FAO's prior authorization. In the event a substitution becomes necessary, the Service Provider shall offer for FAO's consideration only persons having equal or comparable experience and skills to the Key Personnel being substituted. After a substitution has been approved by FAO, Appendix 2 shall be revised to reflect the substitution and the new individual shall be considered Key Personnel.

**Section 3.04** The Service Provider shall be responsible for the professional and technical competence of the Key Personnel under this Agreement and will select reliable and competent individuals who will be able to effectively perform the obligations under this Agreement and who, while doing so, will respect the local laws and customs and conform to a high standard of moral and ethical conduct.

**Section 3.05** FAO may request that the Service Provider replace any personnel, including Key Personnel, who, in the opinion of FAO, have not met appropriate standards of conduct or who are not performing as required under this Agreement.

**Article IV. INSURANCE**

**Section 4.01** The Service Provider shall make and thereafter maintain, in compliance with national legislation, or as otherwise required by FAO, provision for adequate insurance to cover such risks as damage to property and injuries to persons affected by the performance of this Agreement, as well as third party liability claims.

**Section 4.02** The Service Provider acknowledges and agrees that FAO accepts no responsibility for providing life, health, accident, travel or any other insurance coverage which may be necessary or

desirable in respect of any personnel performing Services for the Service Provider in connection with this Agreement.

**Section 4.03** Unless otherwise provided in this Agreement, prior to commencement of performance of any other obligations hereunder, and subject to any limits set forth hereunder, the Service Provider shall take out and shall maintain for the entire Financial Period:

- a) insurance reasonably adequate to deal with losses against travel related risks for all travelers whose travel costs are funded under this Agreement, or ensure that travelers have undertaken such insurance themselves at own initiative and cost;
- b) to the extent required by national legislation and local law where Services are being performed, all risks insurance to cover damage to property as a result of the performance of this Agreement, including any equipment or vehicles, or other transportation means, whether or not owned by the Service Provider, used during or in connection with the performance of this Agreement;
- c) to the extent required by national legislation and local law where Services are being performed, workers' compensation insurance, or its equivalent, or employer's liability insurance, or its equivalent, with respect to the Service Provider's personnel sufficient to cover all claims for injury, death and disability, or any other benefits required to be paid by law, in connection with the performance of the Agreement and particularly in view of the limitation of liability provisions of Section 3.02; and
- d) such other insurance as may be agreed upon in writing between FAO and the Service Provider.

#### **Article V. FAO RIGHTS OF ACCESS**

**Section 5.01** FAO's LoA Manager or authorized agents shall be granted access to all documentation and sites related to the Services, including during implementation of field activities and after the Operational Period, for review and audit purposes. The Service Provider agrees to comply without delay with any request by FAO that it submit evidence of expenses.

#### **Article VI. SUBCONTRACTING; ASSIGNMENT**

**Section 6.01** In the event the Service Provider requires the services of subcontractors to perform any obligations under this Agreement, except as may be provided in this Agreement, the Service Provider shall obtain the prior written authorization of FAO. FAO shall be entitled, in its sole discretion, to review the qualifications of subcontractors and to reject any proposed subcontractor that FAO reasonably considers is not qualified to perform obligations under the Agreement.

**Section 6.02** The Service Provider shall have the sole and full responsibility for the performance of its obligations under this Agreement. Any subcontracting arrangement shall in no way relieve the Service Provider of its responsibility to deliver the Services in accordance with this Agreement.

**Section 6.03** Subcontracts of the Services or procurement of the items set forth in the Annex shall be carried out in conformity with the Service Provider's own procurement rules and procedures. The Service Provider confirms that its procurement rules and procedures, and their implementation, ensure that the procurement process is transparent and consistent with generally-accepted principles governing public sector procurement to obtain best value for money.

**Section 6.04** The Service Provider will ensure that any agreement with any subcontractor requires such subcontractor (i) to maintain appropriate records to satisfy the requirements of Section 9.02 for a period of five years after the Financial Period, or such longer period as has been notified to the Service Provider, and (ii) to provide FAO access to all documentation and sites related to the Services, including during implementation of field activities and after the Financial Period, for review and audit purposes.

**Section 6.05** The terms of any subcontract shall be subject to, and shall be construed in a manner that is fully in accordance with, all of the terms and conditions of this Agreement.

#### **Article VII. REIMBURSEABLE AMOUNTS: PERMITTED AND INELIGIBLE EXPENDITURES**

**Section 7.01** FAO will cover or reimburse eligible direct costs incurred in connection with implementation of the Services that:

- a) are specifically agreed and recorded in the Budget;
- b) are necessary for carrying out the Services, directly attributable to such activities, and have been charged in proportion to their actual use;

- c) are incurred during the Operational Period, with the exception of costs related to any audit of the Final Report;
- d) are actually incurred by the Service Provider, i.e. they represent real expenditure definitively and genuinely borne by the Service Provider;
- e) are recorded using historical cost;
- f) are reasonable, justified, identifiable and backed by supporting documents; and
- g) have not been claimed, reimbursed or budgeted for funding from any other source other than FAO pursuant to this Agreement.

**Section 7.02** FAO will not cover or reimburse costs outside the scope of this Agreement, including but not limited to, the following costs:

- a) bonuses or other exceptional remuneration other than ordinary salary;
- b) purchase cost of equipment and assets unless such asset or equipment is specifically purchased for the execution of activities under the Agreement and ownership is transferred to a beneficiary designated by FAO or, in the absence of such designation, remains with the Service Provider;
- c) duties, taxes and charges, including VAT, that are recoverable or deductible by the Service Provider;
- d) debts and debt service charges;
- e) provision for losses, debts or potential future liabilities;
- f) banking charges incurred in connection with the transfer of funds from FAO;
- g) costs incurred after the Operational Period, other than those permitted pursuant to Section 7.01(b), or after notification by FAO to the Service Provider to suspend activities under the Agreement or that the Agreement is being terminated, with the exception of such costs as are expressly agreed to by FAO;
- h) the purchase of land or buildings;
- i) interest owed by the Service Provider to any third party; and
- j) currency exchange losses.

**Section 7.03** FAO shall not pay interest or other charges to the Service Provider for late payment by FAO.

## **Article VIII. RETURN OF UNEXPENDED FUNDS AND ASSETS; FAO'S RIGHT TO WITHHOLD, OFFSET OR RECOVER CERTAIN FUNDS AND ASSETS**

**Section 8.01** Upon termination of the LoA, the Service Provider shall return to FAO any unexpended funds budgeted and paid by FAO under this Agreement, any non-expendable assets that were procured by FAO and used by the Service Provider in executing the Services under this Agreement (other than those that were explicitly transferred to the Service Provider pursuant to transfer of ownership form), or the value thereof if the return of such assets is impracticable, as well as any inputs which have not, at the time of such termination, been distributed to the Beneficiaries (collectively, the "Returnable Items"). Returnable Items shall also include any Miscellaneous Income (as defined below) which was not authorized to be used, if any.

**Section 8.02** "Miscellaneous Income" shall consist of, inter alia, proceeds or receivables from the sale of any item or other asset provided under this Agreement, as well as any bank interest earned or accrued on funds remitted by FAO and which have been deposited or temporarily placed in an interest-bearing account. For LoAs with a Maximum Financial Liability of \$200,000 or greater, the Service Provider shall record all Miscellaneous Income as credit against funds receivable from FAO. The Service Provider shall not use Miscellaneous Income during the Operational Period except in the event FAO has granted express authorization to use Miscellaneous Income for the Services. Upon termination of the LoA, the Service Provider shall, in accordance with Section 8.01 credit such unused Miscellaneous Income to FAO in its Final Report.

**Section 8.03** FAO reserves the right to withhold, offset or recover from the Service Provider an amount equal to the value of:

- a) any expenditure found ineligible under criteria provided in this Agreement, including expenditures that are not included or properly reflected in any financial report or supported by appropriate documentation, as required by this Agreement;
- b) any Returnable Items; and

- c) any expenditure made by the Service Provider (or payment made by FAO) as a result of any irregularity or corrupt, fraudulent, collusive, coercive, unethical and/or obstructive practice, as defined in this Agreement, by the Service Provider, any successors or assigns, employees, agents or representatives, or such other amount as is determined by FAO to be equitable under the circumstances.

**Section 8.04** FAO shall formally notify the Service Provider of its intention to withhold, offset or recover any such sums, specifying the amount and the reasons therefor and inviting the Service Provider to provide additional documentation in connection with the disqualified expenditure or Returnable Items within 30 days from the date of receipt of the notice. After examination of any additional documentation submitted by the Service Provider or if the Service Provider does not submit any additional documentation by the stated deadline, FAO will formally notify the Service Provider of its decision to withhold or offset other amounts payable to the Service Provider under this or any other agreement, and/or to proceed with a recovery of the disqualified expenditure or Returnable Items. Where FAO selects to proceed with a recovery, it shall also provide the Service Provider with a final deadline for repayment to FAO.

## **Article IX. REPORTING AND RECORD MAINTENANCE REQUIREMENTS**

**Section 9.01** The Service Provider shall submit to the LoA Manager the Reports listed in Annex B on the dates set forth therein, including a final report consisting of a narrative report and a financial report within 30 days following the Services End Date (the “Final Report”). The Final Report must be sufficiently detailed to allow certification of deliverables and of expenditures, including spot checks on representative or risk-based transactions. The Final Report shall be signed and certified as to its correctness by a duly designated representative of the Service Provider (e.g. executive officer, chief financial officer, chief accountant or similar).

**Section 9.02** The Service Provider shall keep accurate financial records and maintain supporting documentation showing the utilization of inputs and funds under this Agreement and any other documentation related to the Services for a period of five years following the Financial Period, or such longer period as has been notified by FAO, during which period FAO, or a person designated by FAO, or the relevant auditing authority (e.g. national audit office) shall have the right, at any time, to conduct reviews and/or audits relating to any aspect of this Agreement. The Service Provider shall provide its full and timely cooperation with any such review or audit. Full and timely cooperation shall include, but not be limited to, making available to respond to questions employees or agents with knowledge of the Agreement and granting to FAO or other designated persons or relevant authority, access at reasonable times and conditions to the Service Provider’s premises or other sites where documentation related to this Agreement is kept or activities related to this Agreement are carried out. This obligation will survive the expiration or termination of this Agreement.

**Section 9.03** In addition to the requirements set forth in Section 9.01, the Final Report for LoAs having a Maximum Financial Liability of \$200,000 or greater shall also be signed by an independent third party auditor. Such auditor’s fees may be included in the LoA budget and reimbursed to the Service Provider.

**Section 9.04** If the Service Provider fails to submit the Final Report specified in Section 9.01 above within 30 calendar days following the Services End Date, FAO shall, after notice to the Service Provider, be under no further obligation to make payment to the Service Provider under this Agreement.

## **Article X. MAXIMUM FINANCIAL LIABILITY**

**Section 10.01** This Agreement is a cost reimbursable contract, and FAO shall pay only costs actually incurred pursuant to the budget set forth in Annex B. Funds provided by FAO under this Agreement are to be used by the Service Provider exclusively for the provision of the Services in accordance with the terms of this Agreement. Neither the Service Provider nor its personnel nor any other persons providing the Services on its behalf, will incur on behalf of FAO any additional commitment or expense exceeding the Maximum Financial Liability.

## **Article XI. USE OF NAME, EMBLEM OR OFFICIAL SEAL**

**Section 11.01** FAO does not, through this Agreement, endorse or recommend any commercial products, processes or services. The Service Provider may, in any information disseminated to the press, internal stakeholders or beneficiaries of the Services, including in any related publicity material, official notices,



external communications, reports or publications about the Services, acknowledge the contributions of FAO. Any such acknowledgment should also provide a disclaimer that FAO's contributions should not be considered as an endorsement of the Service Provider's products, processes or services, or, in connection with a report or publication, its views, unless FAO has explicitly authorized the relevant text. The Service Provider may also refer to this Agreement and to FAO's funding thereof in any financial or other report that the Service Provider is required to issue in order to comply with reporting requirements set by national law or its own internal statutes and regulations. No further use of the FAO name shall be permitted unless expressly authorized by FAO in writing.

**Section 11.02** FAO may, in certain cases, direct the Service Provider to use the FAO logo in connection with outputs described in this Agreement. Other than when directly required by FAO, FAO's logo may not be used by the Service Provider without the prior approval of FAO. Any requests for approval shall be directed to the LoA Manager named in this Agreement copying the email address "logo@fao.org". All use of the FAO logo shall be carried out in accordance with FAO logo policy, which, together with the appropriate FAO logo electronic files, will be provided upon request by the LoA Manager.

**Section 11.03** FAO reserves the right to request that the Service Provider limit use of its name and logo at any time, including when publicity under this provision could put the staff of the Parties at risk.

## **Article XII. COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS**

**Section 12.01** Any intellectual property rights including copyright, of material such as publications, software and designs, made available by the Parties to be used in implementing activities under this Agreement will remain with the originating Party. All intellectual property rights, including copyright, in the outputs produced under this Agreement are vested in FAO, including, without any limitations, the right to use, publish, translate, sell or distribute, privately or publicly, any item or part thereof. FAO hereby grants to the Service Provider a non-exclusive royalty-free license to use, publish and distribute the outputs delivered under this Agreement for non-commercial purposes, provided that FAO is acknowledged as the source and copyright owner.

## **Article XIII. CONFIDENTIALITY**

**Section 13.01** Neither the Service Provider nor its personnel will communicate to any other person or entity any "Confidential Information" disclosed to it by FAO nor will they use this information for private or corporate advantage. For purposes of this provision, Confidential Information is information (a) that has been provided by FAO and marked or flagged as confidential or (b) that is not available to the general public at the time of such disclosure (and which does not otherwise become available to the public through any dissemination or breach by the Service Provider).

**Section 13.02** The Service Provider may disclose Confidential Information to the extent required by law, subject to and without any waiver of the privileges and immunities of FAO, provided that the Service Provider gives FAO sufficient prior notice of a request for the disclosure in order to allow FAO a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made.

**Section 13.03** To comply with disclosure requirements and enhance transparency, FAO reserves the right to release and/or publish the following information about this Agreement: (i) the name and nationality of the Service Provider; (ii) a brief description and location of the Services provided; and (iii) the amount of this Agreement. FAO may also disclose information about this Agreement or the Service Provider to the extent required by the FAO Constitution or consistent with or pursuant to resolutions or regulations of the Conference of FAO. The Service Provider specifically consents to the release and/or publication of the foregoing information. FAO will not release or publish information that has been marked or flagged as confidential.

**Section 13.04** This Article will survive the expiration or termination of this Agreement.

## **Article XIV. REQUIRED DISCLOSURE**

**Section 14.01** The Service Provider agrees that it will notify FAO immediately of any of the following events:

- a) events or circumstances which are likely to affect significantly or delay the implementation of the LoA activities or the Service Provider's ability to deliver the Services;

- b) bankruptcy, insolvency, receivership or winding up or other Credit Event by or affecting the Service Provider or its controlling entity;
- c) use of FAO's name other than as expressly permitted pursuant to Section 11.01;
- d) changes in Key Personnel, as per Section 3.03;
- e) any conflict or problem arising in relation to national authorities, as per Section 23.02; and
- f) any other circumstances which could reasonably affect FAO's decision to award the LoA or the Service Provider's ability to comply with the requirements of this Agreement.

**Section 14.02** The Service Provider agrees that it will notify FAO immediately of any knowledge of any plans to change its name, legal status or direct or indirect controlling entity, which in any event shall be no less than five (5) days prior to any such change.

#### **Article XV. TAX EXEMPTION**

**Section 15.01** FAO enjoys certain privileges and immunities which include exemption from payment of sales taxes such as VAT, customs duties and importation restrictions. The Service Provider may not charge any tax to FAO for the provision of its Services but may request the reimbursement of the full value, including tax of items procured for the provision of the Services, if FAO agrees the recovery of such tax from the relevant fiscal authorities is exceptionally onerous or impossible.

#### **Article XVI. ESSENTIAL TERMS**

**Section 16.01** The Service Provider acknowledges and agrees that each of the provisions of this Article constitutes an essential term of this Agreement and that any breach of any of these provisions shall entitle FAO to terminate this Agreement immediately upon notice to the Service Provider, without any liability for termination charges or any other liability of any kind.

**Section 16.02** SOURCE OF INSTRUCTIONS. The Service Provider shall neither seek nor accept instructions from any authority external to FAO in connection with the performance of the Services. Should any authority external to FAO seek to issue any instructions concerning or impose any restrictions on the Service Provider's performance under the Agreement, the Service Provider shall promptly notify FAO and provide all reasonable assistance required by FAO in order to help resolve the matter. The Service Provider shall not take any action in respect of the performance of its obligations under the Agreement that may adversely affect the interests of FAO, and the Service Provider shall perform the Services with the fullest regard to the interests of the FAO.

**Section 16.03** CODE OF CONDUCT, CONFLICT OF INTEREST AND VENDOR SANCTIONS. The Service Provider shall observe the highest standard of ethics in providing the Services and agrees to adhere to the United Nations Supplier Code of Conduct, which can be viewed at <https://www.un.org/Depts/ptd/about-us/un-supplier-code-conduct> .

The Service Provider shall take all reasonable precautions to avoid any conflict of interest in the implementation of the Services. The Service Provider agrees that it shall inform FAO without delay of any situation constituting or likely to entail a conflict of interest, including any FAO personnel or first degree relatives of FAO personnel having a financial interest or employment relationship of any kind in the Service Provider's activities. The Service Provider warrants that no official, staff member or representative of FAO, or any family member of any such person, derives any benefit from this Agreement.

The Service Provider confirms that it has not engaged in, nor will engage in, any corrupt, fraudulent, collusive, coercive, unethical or obstructive practices in entering into or implementing this Agreement. If FAO determines that the Service Provider has engaged in such practices, it may impose sanctions, including termination of the Agreement, as provided by FAO's Sanctions Procedures ([http://www.fao.org/fileadmin/user\\_upload/procurement/docs/FAO\\_Vendors\\_Sanctions\\_Policy\\_-\\_Procedures.pdf](http://www.fao.org/fileadmin/user_upload/procurement/docs/FAO_Vendors_Sanctions_Policy_-_Procedures.pdf)). In addition, information on sanctioned Service Providers and other third parties may be shared with other Intergovernmental or United Nations organizations. This provision must be included in all subcontracts, sub-agreements or assignments entered into by the Service Provider under this Agreement.

For the purpose of this Agreement, the following terms shall have the following meanings:

- a) "*Fraudulent practice*" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain, financial and/or other benefit and/or to avoid an obligation;

- b) “*Coercive practice*” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- c) “*Collusive practice*” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- d) “*Corrupt practice*” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value whether tangible or intangible to improperly influence the actions of another party;
- e) “*Unethical practice*” is an act or omission contrary to the conflict of interest, gifts and hospitality or post-employment FAO policy: (<http://www.fao.org/unfao/procurement/codeconduitethique/en/>), as well as any provisions or other published requirements of doing business with FAO, including the United Nations Supplier Code of Conduct; and
- f) “*Obstructive practice*” is an act or omission by the Service Provider or its affiliates, successors or assigns that may prevent or hinder the work of the Investigation Unit of the FAO Office of the Inspector General.

In order to enter into an agreement with FAO, the Service Provider represents that neither it, nor any of its agents or authorized subcontractors, has been suspended, debarred or otherwise identified as ineligible by any other United Nations Organization or Organization within the World Bank Group, nor is it listed on the United Nations Security Council Consolidated List and that neither it, nor any of its agents or authorized subcontractors is subject to any sanction or temporary suspension imposed by any such organization. The Service Provider is therefore required to disclose to FAO whether itself, or any of its affiliates or agents, is, has been or becomes subject to any such sanction or measure at any time during the three years prior to this Agreement and at any time throughout the execution of this Agreement. The Service Provider recognizes that a misrepresentation under this provision will entitle FAO to terminate its Agreement with the Service Provider immediately upon notice to the Service Provider, without any liability for termination charges or any other liability of any kind of FAO and that material misrepresentations on its status constitute a fraudulent practice.

In accordance with the United Nations Supplier Code of Conduct, Service Providers are expected to refrain from offering employment to any FAO staff for a period of one year following their separation from FAO.

**Section 16.04 LABOR.** The Service Provider shall:

- a) respect the prohibition of forced or compulsory labor in all its forms;
- b) respect the freely exercised right of workers, without distinction, to organize, to further and defend their interest as well as the protection of those workers who exercise their right to organize;
- c) ensure equality of opportunity and treatment in respect of employment and occupation; and
- d) ensure fair and reasonable conditions of safety, health and welfare.

The Service Provider represents and warrants that neither it, its parent entities (if any), nor any of the Service Provider’s subsidiary or affiliated entities (if any) is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, <http://www.unhcr.org/protection/children/50f941fe9/united-nations-convention-rights-child-crc.html> including Article 32 thereof, which inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, mental, spiritual, moral or social development.

**Section 16.05 TERRORISM.** The Service Provider agrees to undertake all reasonable efforts to ensure that none of the funds received from FAO under this Agreement are used to provide support to individuals or entities i) associated with terrorism, as included in the list maintained by the Security Council Committee established pursuant to its Resolutions 1267 (1999) and 1989 (2011) or ii) that are the subject of sanctions or other enforcement measures promulgated by the United Nations Security Council. This provision must be included in all subcontracts, sub-agreements or assignments entered into under this Agreement.

**Section 16.06 SEXUAL EXPLOITATION.** The Service Provider shall take all appropriate measures to prevent sexual exploitation or abuse of any beneficiary of the Services provided under this Agreement, or to any persons related to such beneficiaries, by its employees or any other persons engaged and controlled by the Service Provider to perform any Services under this Agreement. For

these purposes, sexual activity with any person less than eighteen years of age shall constitute the sexual exploitation and abuse of such person. In addition, the Service Provider shall refrain from, and shall take all reasonable and appropriate measures to prohibit its employees or other persons engaged and controlled by it from exchanging any money, goods, services, or other things of value, for sexual favours or activities, or from engaging in any sexual activities that are exploitive or degrading to any direct beneficiary of the Services provided under this Agreement or to any persons related to such beneficiaries.

#### **Article XVII. FORCE MAJEURE**

**Section 17.01** In the event of and as soon as possible after the occurrence of any cause constituting Force Majeure, the affected Party shall give notice and full particulars in writing to the other Party, of such occurrence or cause if the affected Party is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Agreement. The affected Party shall also notify the other Party of any other changes in condition or the occurrence of any event which interferes or threatens to interfere with its performance of this Agreement. If the affected party is the Service Provider, not more than fifteen (15) days following the provision of such notice of Force Majeure or other changes in condition or occurrence, the Service Provider shall also submit a financial statement to FAO detailing the use of funds up to the date of notice as well as the estimated expenditures that will likely be incurred for the duration of the change in condition or the event of Force Majeure. FAO shall not be liable for any excess costs incurred as a result of lack of prompt notice by the Service Provider of the Force Majeure event.

**Section 17.02** On receipt of the notice(s) required hereunder, FAO shall have the right to suspend or terminate the Agreement in accordance with Article XVIII or take such other action as it reasonably considers to be appropriate or necessary in the circumstances, including the granting to the affected Party of a reasonable extension of time in which to perform any obligations under this Agreement. In any case, FAO shall be entitled to consider the Service Provider permanently unable to perform its obligations under this Agreement in case the Service Provider is unable to perform its obligations, wholly or in part, by reason of Force Majeure for any period in excess of ninety (90) days.

**Section 17.03** "Force Majeure" as used herein means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, terrorism, or any other acts of a similar nature or force, provided that such acts arise from causes beyond the control and without the fault or negligence of the Service Provider (or on the part of its personnel, agents, other representatives, or authorized subcontractors), and proves insurmountable in spite of all due diligence. Defects in equipment, material or supplies, or delays in their availability (unless due to Force Majeure), labor disputes, strikes or financial difficulties shall not constitute an event of Force Majeure. Notwithstanding anything to the contrary herein in this Agreement, the Service Provider recognizes that the provision of Services may from time to time be performed under harsh or hostile conditions, including civil unrest, in areas in which FAO is engaged, preparing to engage in, or disengaging from any humanitarian or similar operations. Consequently, delays or failure to perform caused by foreseeable events arising out of, or in connection with, such difficult conditions, shall not, in and of themselves, constitute Force Majeure under this Agreement.

#### **Article XVIII. SUSPENSION; TERMINATION; REMEDIES**

**Section 18.01** Any of the following shall be considered a "Termination Event" under this Agreement:

- a) transfer by the Service Provider to third parties, either directly or indirectly through an intermediary, of all or part of the rights and obligations pertaining to the Services under this Agreement, except for subcontracts duly authorized by FAO;
- b) changes in the Service Provider's name, legal status or control, except those which, following prior disclosure to FAO under Article XIV, have been expressly permitted in writing;
- c) the Service Provider's bankruptcy, insolvency, receivership or winding up;
- d) willful misconduct by the Service Provider;
- e) unjustified delay in the execution of the Services, so as to substantially prejudice the achievement of FAO's objectives under this Agreement;
- f) serious contractual breaches by the Service Provider that have not been remedied notwithstanding notice by FAO and an opportunity to cure;

- g) breach by the Service Provider of any of the Essential Terms; and
- h) non-compliance with the disclosure requirements of Article XIV.

**Section 18.02** FAO shall have the right to suspend performance of all or part of the Services under this Agreement upon written notice to the Service Provider if (a) it suspects that a Termination Event has occurred or is occurring and needs additional time to determine how to proceed or (b) in the event of Force Majeure.

**Section 18.03** Following suspension of the Agreement, FAO may:

- a) revoke the suspension and require the Service Provider to proceed with the performance of the Services. In this case, if the period of suspension has exceeded more than thirty (30) days, FAO may, in its sole discretion based on the circumstances of the suspension, compensate the Service Provider for expenses incurred as a result of the suspension and resumption of its Services, and the Services End Date shall be extended for a period equal to the time during which the performance of the Services had been suspended;
- b) revoke the suspension subject to certain conditions which, if not met by the Service Provider, will give rise to a new Termination Event; or
- c) terminate the Agreement by written notice to the Service Provider, which termination shall be effective upon notification.

**Section 18.04** FAO shall have the right to terminate the Agreement for unforeseen causes beyond the control of FAO or an event of Force Majeure affecting FAO. In the event of termination pursuant to this paragraph, FAO shall provide notice to the Service Provider of such termination and shall complete all payments for expenses that have been incurred by the Service Provider up to the date of receipt of notice by the Service Provider of such termination. After the notice date, additional expenses involved in winding down the Services may be approved by FAO on a case by case basis and must be in writing.

**Section 18.05** Either Party shall have the right to terminate this Agreement at any time upon sixty (60) day's advance written notice to the other Party.

**Section 18.06** In the event of termination of this Agreement:

- a) The Service Provider shall (i) refrain from undertaking any further or additional commitments under the Agreement as of and following the date of receipt of such notice; except as may be approved in writing by FAO, (ii) terminate all subcontracts, (iii) take all reasonable measures to avoid any loss or deterioration of goods, equipment, materials or supplies, or any other damage and (iv) shall be responsible for refunding to FAO any payment already received in respect of Services that have not been performed to a standard considered acceptable to FAO.
- b) FAO shall complete all payments which may be due and payable up to the effective date of termination, less any amounts subject to adjustment based on claims arising from or connected with the performance of this LoA, as well as the pertinent provisions of this Agreement, and in particular those of Article VIII of this Agreement. In the event of termination on the basis of Force Majeure affecting the Service Provider, the Service Provider shall also refund to FAO any funds already received in respect of Services that have not been performed.

**Section 18.07** FAO shall have the right to terminate this Agreement without any liability whatsoever to the Service Provider, following written notice to the Service Provider, for breach of the obligations and warranties set forth in Article XVI, Essential Terms, as more fully described therein. In addition to the rights set forth in Sections 9.04; and 8.04 to withhold, offset or recover certain amounts, FAO shall take other action as it deems appropriate. Failure to comply with such repayment and/or other remedial action requested by FAO may result in further proceedings and/or sanctions against the Service Provider in accordance with FAO's Vendor Sanctions Procedures.

## **Article XIX. AMENDMENTS**

**Section 19.01** No amendment shall be permitted:

- a) which would have the effect of significantly altering the scope and/or purpose of this Agreement; or
- b) which increases the Maximum Financial Liability by more than one hundred percent of the original Maximum Financial Liability, except in such cases where a provision has explicitly been made that the Agreement is subject to officially agreed periodic revisions of the work plan and budget.

**Section 19.02** The following changes or amendments to this Agreement shall be permitted only if evidenced by a writing signed by both Parties:

- a) budget reallocations or variations of more than 25% between the major headings of the Agreement budget;
- b) budget reallocations of any amount that indicate a serious deterioration of the Service Provider's cost efficiency, whereby costs of salaries, fees, travel and accommodation and/or per-diems for the Service Provider staff or subcontractors increase significantly from the original or previously amended budget, without commensurate changes to the quality or quantity of deliverables;
- c) cost increases;
- d) extensions of the Operational Period of the Agreement, but only if made prior to the Services End Date. Any such extension shall be requested by the Service Provider by notice to FAO no later than one calendar month prior to the Services End Date and provide a documented justification and an interim financial report; or
- e) changes to the payment instructions.

**Section 19.03** Any deviations in performance under, or amendments to the terms of, this Agreement, other than those expressly prohibited in Section 19.01 or permitted by a signed writing in Section 19.02 shall be permitted if agreed via email exchange or other writing by both Parties.

**Section 19.04** During the Closure Period, if Services are continuing to be provided as if the Agreement is in full force and effect, an amendment may be permitted, if in writing and signed by both Parties, with a view to extending the Operational Period of the Agreement to permit completion and delivery of stated outputs and deliverables and winding down of the Services.

#### **Article XX. NON-WAIVER OF PRIVILEGES AND IMMUNITIES**

**Section 20.01** Nothing in this Agreement or in any document relating hereto, shall be construed as constituting a waiver of privileges or immunities of FAO, its personnel or any other persons providing the Services on its behalf or as its acceptance of the jurisdiction of the courts of any country over disputes arising out of this Agreement.

#### **Article XXI. NON-WAIVER OF RIGHTS**

**Section 21.01** The failure by one Party to require performance of any provision shall not affect that Party's right to require performance at any time thereafter, nor shall a waiver of any breach or default of this Agreement constitute a waiver of any subsequent breach or default or a waiver of the provision itself and shall not relieve the Parties of any of their obligations under the Agreement.

#### **Article XXII. LANGUAGE OF THE AGREEMENT**

**Section 22.01** The LoA shall be in one of English, Spanish or French. Any LoA-related documentation, reporting and monitoring and any other official correspondence between the Parties shall be the same language as that of the LoA. Translations of the LoA or LoA-related documentation into other languages shall be for convenience only and shall not be binding on the Parties.

#### **Article XXIII. APPLICABLE LAW**

**Section 23.01** The present Agreement shall be governed by general principles of law, to the exclusion of any single national system of law. General principles of law shall be deemed to include the UNIDROIT Principles of International Commercial Contracts of 2016.

**Section 23.02** In providing the Services, the Service Provider shall conform to all national laws applicable to its activities and its relations to third parties, including employees. The Service Provider shall promptly correct any violations thereof and shall keep FAO informed of any conflict or problem arising in relation to national authorities.

#### **Article XXIV. INTERPRETATION OF THE AGREEMENT**

**Section 24.01** In the event of a conflict or inconsistency between the provisions of this Annex and of Annex C, Annex C shall prevail.

#### **Article XXV. COMPUTATION OF DEADLINES**

**Section 25.01** Unless stated otherwise, “days” as used herein means calendar days.

**Article XXVI. SETTLEMENT OF DISPUTES**

**Section 26.01** Any dispute between the parties arising out of the interpretation or execution of this Agreement, if not settled by negotiation between the parties or by another agreed mode of settlement, shall be submitted at the request of either party, to one conciliator. Should the parties fail to reach agreement on the name of a sole conciliator, each party shall appoint one conciliator. The conciliation shall be carried out in accordance with the Conciliation Rules of the United Nations Commission on International Trade Law, as at present in force.

**Section 26.02** Any dispute not resolved by conciliation shall, at the request of either party, be settled by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, as at present in force. The arbitral tribunal shall have no authority to award punitive damages. FAO and the Service Provider agree to be bound by any arbitration award rendered in accordance with this article, as the final adjudication of any such dispute.

**Section 26.03** The parties may request conciliation during the execution of this Agreement and in the period not to exceed twelve months after the completion, expiry or termination of this Agreement. The parties may request arbitration not later than ninety (90) calendar days after the termination of the conciliation proceedings. All dispute resolution proceedings shall be conducted in the language in which the Agreement is drafted, which shall be either English, Spanish or French.

**Section 26.04** The provisions of this Article XXVI shall survive the termination of this Agreement.

## ANNEX B TO LETTER OF AGREEMENT: TERMS OF REFERENCE AND PAYMENT PROVISIONS

### 1. Context

### 2. Scope

#### a. Purpose:

*Insert summary purpose of the Services/Activities.*

The Parties acknowledge that no amendments may be made to the LoA to permit activities that fall outside the purpose of the LoA.

#### b. Outputs:

*Specify and describe in detail the final output(s). It is essential to provide a detailed and precise definition of the final output(s) and/or product(s) e.g. survey, map, research report(s), data, workshop report(s), etc., thus avoiding possible disputes over quantity and quality of deliverables, their acceptance and approval of payment requests.*

#### c. Activities:

*Provide detailed description of services to be rendered and activities to be performed by the Service Provider for the achievement of output(s) specified including, as appropriate, the expertise required, methodology to be used, technical and operational standards and/or deadlines to be met, etc. (e.g. modalities of survey (define area/data, needed/means to be employed, etc.), organization of training course (define target group/curriculum, outline/training, materials/course duration, etc.), development of product (specification/facilities used, etc.).*

#### d. Key Performance Indicators and Means of Verification:

*Specify any qualitative standards performance indicators and the monitoring mechanism(s) including progress control procedures which the SP must follow, including a schedule of reports, deadlines, format, language(s), number of copies required, recipient(s) and any other relevant information*

#### e. Workplan/Calendar of Activities:

*A table with list of activities and dates (preferably in the form of a simplified Gantt chart) as well as relevant milestones and deadlines for output(s), .*

### 3. Reports that Must be Submitted to FAO

*List reports and their submission timeframe required in accordance with the workplan/calendar of activities (above) and the payment schedule set out below.*

The Final Report, consisting of narrative and financial report, shall be signed and certified as to correctness in accordance with this LoA.

### 4. Detailed Budget

*Provide detailed budget, specifying per line item: description of the item; unit of measurement; unit cost; quantity; and total (whereby total should be the amount which FAO agrees to finance (strictly on an actual cost basis). The budget should be denominated only in one currency, namely the one in which the LoA maximum value is expressed.*

*Budget line items may -inter alia- include:*

- *SP's regular personnel used for agreed activity/service;*
- *hiring by SP of temporary staff or services;*
- *transport (tickets, fuel for vehicles);*
- *daily subsistence allowances;*



- rental of existing SP facilities/equipment;
- hire of locally available (non-SP) facilities/equipment;
- purchase of essential supplies and materials;
- administrative and operational costs

5. Description of Inputs to be Provided In Kind by FAO and Schedule of Provision

List only those inputs that are NOT listed in the LoA budget and which FAO is required to provide in-kind to the SP, strictly for the purpose of enabling the SP to carry out agreed upon activities.

6. Inputs to be Provided by Service Provider without Charge to FAO and Schedule of Provision

List and describe in detail all inputs (including quantities, if applicable) that the SP should provide in addition to those included in the budget without, however, costing such inputs.

7. Payment Terms

- Any requests for payment shall be made using the payment form provided in Appendix 1 hereto or such other form as has been specifically authorized by FAO or agreed in advance by the Parties.
- The Service Provider shall submit each request for payment to the LoA Manager at the address for notices and other communications under paragraph 7 of the LoA.

c. Payments will be made in the currency stated in paragraph 3 of the LoA and according to the banking instructions provided by the Service Provider in paragraph 8, below.

d. Payments under this Agreement will be made only after certification by the LoA Manager that proper request has been made by the Service Provider and of the satisfaction by the Service Provider of the requisite conditions set forth for the payment. The proposed schedule of payments and related conditions is as follows:

- first payment not to exceed [amount and currency] upon [insert conditions for payment];
- following review and approval of the relevant interim financial report submitted by the Service Provider in accordance with paragraph 3 above, **one or more interim payments**, the sum of which shall not exceed [amount and currency], as follows:

payment number [insert number] for [amount and currency] upon [insert conditions for payment, with references to the workplan milestones and outputs]

payment number [insert number] for [amount and currency] upon [insert conditions for payment, with references to the workplan milestones and outputs]

payment number [insert number] for [amount and currency] upon [insert conditions for payment, with references to the workplan milestones and outputs]; and

- following review and approval of the narrative and financial Final Report submitted by the Service Provider in accordance with Section 9.01 of Annex A, **final payment** not to exceed [amount and currency].

8. Banking Instructions

Payments shall be made to the Service Provider using the following banking information:

Bank Name	Bank Routing Sort Code and/or Branch Code

Exact Bank Account Holder Name (account must be held in the name of the Service Provider, FAO cannot make payments to third parties)		Account Number
Swift/BIC Code	IBAN	Account Currency
Bank Address (physical address, no PO boxes)		
Bank City		Bank Country
Intermediary Bank Details (if applicable)		

9. Identification Data Relating to the Service Provider

The Service Provider warrants that the following information is true and correct and acknowledges its notification obligations pursuant to [Section 14.02 of Annex A](#).

Full Name of Service Provider (as Legally Registered)		FAO Supplier Number (if known)
Other Trading Name(s) of Service Provider (if applicable)		
Address Line 1		
Address Line 2		
Address Line 3		
City		Postal Code
State		Country
Email Address		Website
Telephone Number (incl. country and area code)		Fax Number (incl. country and area code)

## Appendix 1: Request for Payment Template

LoA INTERIM FINANCIAL STATEMENT AND REQUEST FOR REIMBURSEMENT						
FAO PURCHASE ORDER (PO) NUMBER: _____						
DATE OF ISSUE OF STATEMENT: _____						
Currency: _____						
KRW - Korea (South) Won						
Cat. NO.	Items Description	Units of measurement	Qty (no. of units)	Unit Cost	Total Cost	Supporting documentation
				KRW	KRW	(invoice, receipt, timesheet etc.)
1	HUMAN RESOURCE INPUTS (Staff time and consultants...)					
1.1					0	
1.2					0	
1.3					0	
1.4					0	
1.5					0	
1.6					0	
2	EXPENDABLE EQUIPMENT ANCILARY TO SERVICES					
2.1					0	
2.2					0	
2.3					0	
2.4					0	
2.5					0	
2.6					0	
3	TRAVEL (Flights, inland travel...)					
3.1					0	
3.2					0	
3.3					0	
3.4					0	
3.5					0	
3.6					0	
4	ACCOMMODATION (board and lodging costs...)					
4.1					0	
4.2					0	
4.3					0	
4.4					0	
4.5					0	
4.6					0	
5	EXPENSES					
5.1					0	
5.2					0	
5.3					0	
5.4					0	
5.5					0	
5.6					0	
6						
6.1					0	
6.2					0	
6.3					0	
6.4					0	
7						
7.1					0	
7.2					0	
7.3					0	
7.4					0	
TOTAL EXPENSES INCURRED TO DATE					0	
PAYMENTS RECEIVED FROM FAO TO DATE			DATE	AMOUNT		
PAYMENT 1					0	
PAYMENT 2					0	
PAYMENT 3					0	
...					0	
					0	
					0	
					0	
					0	
					0	
TOTAL AMOUNT RECEIVED FROM FAO TO DATE					0	
NET BALANCE TO REIMBURSE					0	

Date:

Name of SP's Chief Accountant (print):

Signature:

## **Appendix 2: Key Personnel**

As set forth in Section 3.03 of Annex A, the following individuals are considered for the purposes of this Agreement to be Key Personnel:

**ANNEX C TO LETTER OF AGREEMENT:  
SPECIAL CONDITIONS AND DEROGATIONS; ADDITIONAL PROVISIONS**

In the event of a conflict or inconsistency between the provisions of the LoA and its Annexes (including the General Terms and Conditions set forth in Annex A), any derogations or special conditions set forth in this Annex C shall prevail.

***Derogations and Special Conditions***

[None]

***Additional Provisions***

[None]