REGULATION FOR THE EXECUTION OF THE
“UNASUR COMMON INITIATIVES FUND”

CHAPTER I. OBJECTIVES, PURPOSES AND FEATURES OF THE COMMON
INITIATIVES FUND (IN SPANISH, FIC)

Article 1. Objectives of the Common Initiatives Fund
The Common Initiatives Fund, hereinafter referred to as FIC, aims to support
intergovernmental programs and projects in order to contribute to the UNASUR
objectives set out in Articles 2 and 3 of the Treaty.

Article 2. Purpose of the FIC Regulations
This instrument regulates the institutional, procedural, administrative, and financial
aspects of the FIC. It also establishes processes, stages, and deadlines that must be
met by the common initiatives for submission, approval, implementation and evaluation
at the UNASUR bodies and agencies.

Article 3. Priorities FIC
FIC priorities are established in the UNASUR Strategic Guidelines for Third Party
Relations on matters of Cooperation. This document will define the overall framework
that must be taken into account at the different levels of the Union when presenting
projects and programs, which will be based on the UNASUR political guidelines for
third party relations as approved by the UNASUR Council of Ministers of Foreign
Affairs. The UNASUR Strategic Guidelines for third party relations on matters of
Cooperation of UNASUR shall be reviewed every four years.

Article 4. Nature of FIC and financing sources

4.1 The resources of the FIC are non-reimbursable and operate in accordance with
established standards for financial management of UNASUR.

Its funding sources are:

a. The category "Common UNASUR initiatives" of the General Budget approved for
each financial year, under the terms of Article 47 of the UNASUR General Regulation;

b. Voluntary contributions from Member States, under the terms of Article 52 of the
UNASUR General Regulation;

c. Third Donor contributions, which will integrate with the previous FIC approval by the
Council of Ministers of Foreign Affairs, in accordance with the provisions of Article 8
letter h) of the UNASUR Constitutive Treaty and Decision 6/2012, concerning the
"UNASUR political guidelines of UNASUR for Third-party relations."
CHAPTER II: INSTITUTIONAL ORGANIZATION OF THE COMMON INITIATIVES FUND

Article 5. Instances Proposing to FIC
Instances proposing to FIC are constituted as follows:

a. One or more UNASUR Member States;
b. Public institutions of the UNASUR Member States, whether subnational, decentralized or autonomous, in coordination with national representatives of the High Level Cooperation Authorities;
c. UNASUR Permanent institutional bodies;
d. The UNASUR General Secretariat.

Article 6. Instances for Channeling Common Initiatives
6.1 All common initiatives that arise from one or more instances of the FIC Proponents, contained in Article 5 of this Regulation shall be processed through instances for channeling Common Initiatives.

6.2 Channeling Instances for common initiatives are the Sectorial Ministerial Councils and the Working Groups as well as Permanent Instances dependent on the Council of Ministers of Foreign Affairs under the UNASUR institutional framework.

Article 7. Technical Committee on FIC matters
7.1 The FIC Technical Committee is hereby established, formed by the UNASUR High Level Authorities for Cooperation. Its operation is governed by Title VIII of the UNASUR General Regulation. It will have the support of the General Secretariat, to the extent of its competencies, under current regulations.

7.2 Its functions and powers are:

a. To advise the Council of Delegates concerning the dynamics and operation of the FIC.
b. To develop a draft UNASUR Strategic Guidelines Document for third-party relations in matters of cooperation, as provided in Article 3 of this Regulation based on a preliminary document submitted by the General Secretariat.
c. To prepare the terms of the annual call to submit Common Initiatives to be financed by the FIC.
d. To perform the technical admissibility analyses of the Common Fund Initiatives submitted through the Preliminary Cards, in accordance with the provisions of Article 13 of this Regulation, and to develop, therefore, a Priority order for the Pre-admitted Cards in accordance with the criteria of Article 14 of this Regulation, for consideration and approval by the Council of Ministers of Foreign Affairs. If it is determined that any of the common initiatives do not meet the requirements, said proposal will be returned by the General Secretariat and shall include the relevant comments to the channeling instance that submitted it for consideration in order for it to be reformulated.
e. To update the Order of Priority of the Common Initiatives admitted. This is the only input for developing and updating of the Bank of Common Initiatives by the General Secretariat as scheduled in Article 8.17 of this Regulation.
f. To analyze requests for extensions of the Executing Instances in action, in order to, when deemed appropriate, elevate it to the Council of Delegates.
g. To recommend to the Council of Delegates the termination of an approved Common Initiative in cases of failure to comply with activities within one year.
h. To recommend, in coordination with the General Secretariat, the realization of missions to the place of execution of the Common Initiative in order to verify its progress.

Article 8. Functions of the General Secretariat
For the purposes of this Regulation, the functions of the General Secretariat are as follows:

a. To include in the draft general budget the amount for the category "UNASUR Common Initiatives" in order for it to be approved for the following year, under the terms of Article 47 of the UNASUR General Regulation and based on the information and the Order of Priority of Pre-approved Cards as provided by the Technical Committee on the FIC.
b. To support the channeling instances for Common Initiatives in terms of the correct submission and meeting of deadlines as indicated in the Preliminary Card and Definitive Project and to advise everything concerning all the documentation that must accompany the Common Initiative in the various stages of the process.
c. To assist the Technical Committee on the FIC matters concerning the collection and presentation of the Preliminary Cards and consolidation of the Final Draft Projects.
d. To serve as the link between the Technical and / or Financial Executing Instance and the Technical Committee on FIC matters.
e. To promote coordination between two or more channeling instances for developing Common Initiatives.
f. To submit to the Council of Delegates, in coordination with the Pro Tempore Presidency, draft resolutions with the Order of Priority of the Common Initiatives admitted prepared by the Technical Committee on FIC matters for further consideration by the Council of Ministers of Foreign Affairs.
g. To identify each of the Common Initiatives adopted by the Council of Ministers of Foreign Affairs with an entry number, date, and amounts approved.
h. To sign the Commitment Letters with the corresponding Technical and / or Administrative Executing Instances depending upon the Execution Mode.
i. To monitor the implementation of Common Initiatives and to develop quarterly reports on compliance status and evolution to be presented to the Technical Committee on FIC matters and channeling instances through which the Common Initiative was submitted.
j. To carry out technical missions to the execution site of the Common Initiative, upon recommendation of the Technical Committee on FIC matters, in order to verify progress. Upon completion of the mission, its results will be reported via the Pro Tempore Presidency, to the Technical Committee on FIC matters and channeling instances that submitted the Common Initiative.
k. To verify compliance with the commitments made by the Technical and / or Financial Executing Entities.
l. To manage and transfer FIC financial resources under the timetable of the adopted common initiatives and signed Commitment Letters.
m. To refer to the Technical Committee on FIC matters carrying out technical or financial audits.

n. To include in the UNASUR Annual Report a balance of the Common Initiatives Fund, containing the results of all the realized initiatives and potential proposals for improving the FIC.

o. To assume the appropriate role in accordance with the Mode of Execution of each Common Initiative under the terms established in Article 20 of this Regulation.

p. To process requests for extension of the Technical and / or Administrative Executing Instances.

q. To form and manage the Common Initiatives Bank based on the Order of Priority of the adopted Unbudgeted Common Initiatives, after due preparation and update by the Technical Committee on FIC matters.

r. To prepare the preliminary document UNASUR Strategic Guidelines for Third Party relations on Matters of Cooperation under the terms set out in Articles 3 and 7.2 of this Regulation.

Article 9. The Technical Executing Entity
9.1 The Technical Executing Entity will be responsible for the implementation, coordination and procurement of all services needed to push forward the implementation of the Common Initiative. It must comply with applicable labor, hiring, and fiscal laws in accordance with the rules of the Member States where Common Initiatives are running.

9.2 The Technical Executing Entity must submit quarterly progress reports during the implementation of the Common Initiative in the terms established in Article 22 of this Regulation. After the implementation of the Common Initiative, it shall prepare a final report in the terms established in Article 24 of this Regulation. These reports shall be submitted to the General Secretariat.

Article 10. The Financial Executing Entity
10.1 Financial Executing Entity will be responsible for the management of financial resources received from the FIC for the implementation of the Common Initiative. When an international organization acts as a Financial Executing Entity under the terms established in Article 21 for the implementation mode 3 its management costs may not exceed 7% of the total allocated to the Common Initiative. It shall assume full responsibility for disputes that may arise from the implementation of the Common Initiative, exempting UNASUR from all claims.

10.2 The Financial Executing Entity shall submit quarterly progress reports during the implementation of the Common Initiative in the terms established in Article 23 of this Regulation. Upon completion of the Common Initiative implementation, it must submit a final financial report on the terms set out in Article 24 of this Regulation. These reports will be submitted to the General Secretariat with a copy to the Channeling Instances that submitted the Common Initiative and the Technical Committee on FIC matters. Likewise, any financial balance unspent on the implementation of the Common Initiative must be reimbursed through the General Secretariat.
CHAPTER III: FORMULATION, PRESENTATION, AND APPROVAL OF THE COMMON INITIATIVES PROCESS

Article 11. Annual Call
Technical Committee on FIC will prepare the ground for a single annual Call for submission of Common Initiatives.

Article 12. Presentation of Common Initiatives
When the Channeling instance receives the proposal for a Common Initiative from an Instance proposing an FIC and it achieves consensus, it shall develop the Preliminary Card for the Common Initiative (Annex I) for subsequent transmittal to the General Secretariat.

Article 13. Admission of the Preliminary Cards
13.1 Upon expiration of the annual deadline for submission of Preliminary Cards, the General Secretariat shall forward all the cards to the Technical Committee on FIC matters along with its observations concerning possible conflicts or omissions in accordance with the provisions of this Regulation and the terms of the annual call.

13.2 The FIC Technical Committee, with support from the General Secretariat, shall examine admission.
13.3 Requirement for Admissions of a Preliminary Card:

These are the conditions under which a Preliminary Card may be admitted:

a. It is to be submitted in the manner and within the time limits laid down in this Regulation and in the Annual Call, a note from the Channeling Instance addressed to the General Secretariat.
b. The proposed Common Initiative has three or more UNASUR Member States as beneficiaries.
c. Its duration should be between six months and three years.
d. To have identified the contributions of Member States participating in the Common Initiative and, if applicable, Third Party donors in terms of Articles 4.2 and 4.3 of this Regulation, with a quantification thereof.
e. Fees for public officials are not foreseen in the budget to be financed by the FIC.
f. Human resources and consulting items must not exceed 50% of the budget to be financed by the FIC.
g. Use of FIC funds must not be provided for financing of infrastructure works.

Article 14. Priority of Preliminary Cards
The FIC Technical Committee sets the Order of Priority of the Preliminary Cards admitted. The criteria for the priority of Common Initiatives are as follows:

a. It must lead to achieving the objectives of UNASUR and promote the construction of the South American identity and citizenship.
b. It must meet the objectives of the FIC, according to these regulations and Strategic Guidelines Document and Relations with Third Parties on UNASUR Cooperation.

c. Its objective must be the social dimension.

d. Its scope must involve the largest possible number of Member States: a minimum of three is required.

e. Common Initiative is filed by two or more channeling instances.

Article 15. Approval of the Preliminary Cards
The Order of Priority of the Preliminary Cards admitted shall be communicated to the General Secretariat and the Technical Committee on matters of Budget as input for the development of the category "UNASUR Common Initiatives" of the draft general budget to be approved for the following year. Common initiatives included in the Priority Order that are not considered in the General Draft Budget mentioned will shape the Bank of Common Initiatives, and the established order is maintained.

Article 16. Preparation and Definitive Project Analysis
16.1 Once this General Budget is approved, the General Secretariat will inform the appropriate Channeling Instance in order that the Common Initiative it has submitted may be considered within the "UNASUR Common Initiatives" category. Based on this information, the Channeling Instance shall prepare the final draft (Annex II) of the Common Initiative. The Technical Committee on FIC matters will discuss the final draft prepared by the respective Channeling Instance. Should there be any Observations, the document will be returned for reformulation.

16.2 Upon analyzing the Final Project, the Technical Committee on FIC Matters shall verify that the following elements are included in the project. These requirements are:

a. A timetable for the Common Initiative, indicating phases, duration and date of project completion.

b. A disbursement schedule that matches the execution timetable of the Common Initiative.

c. Dates for submission of quarterly advance reports and final report.

d. Compliance with the criteria established for drawing up the Order of Priority of the Preliminary Cards under Article 14 of this Regulation.

Article 17. Approval by Council of Ministers of Foreign Affairs
Once the Definitive Project has been evaluated, it will be submitted, through the Council of Delegates, for consideration and approval by the Council of Ministers of Foreign Affairs.

Article 18. Execution and identification of the Definitive Projects
18.1 Definitive Projects approved by the Council of Ministers of Foreign Affairs will be implemented under the category "UNASUR Common Initiatives."

18.2 The General Secretary shall label them by assigning an entry number, date and amounts approved; and will indicate the Resolution by the UNASUR Council of Ministers of Foreign Affairs under which said budgeted funds are allocated to the Definitive Projects.
CHAPTER IV: EXECUTION, FOLLOW UP, AND ASSESSMENT OF COMMON INITIATIVES PROCESS

Article 19. Commitment Letter for Execution of the Common Initiative

19.1 The implementation of this Common Initiative begins with the subscription of a Letter of Commitment (ANNEX III) between the General Secretary and the Financial Executing and / or Technical Entity who are responsible for the Common Initiative as appropriate for the chosen Execution mode. The Commitment Letter shall define the terms of financing, implementation, monitoring, and evaluation of the development of the Common Initiative, which must be fulfilled by the Parties.

19.2 The Letter of Commitment must be accompanied by the following documentation:

a. Resolution of the Council of Ministers approving the Common Initiative.
b. Definitive Project document.
c. Payment schedules for the implementation of the Common Initiative.
d. Administrative acts that prove the legitimacy of the signatories as representatives of the institutions they represent.
e. Other documents deemed necessary given the specific characteristics of the Common Initiative.

Article 20. Funds Transfer

To ensure proper use and predictability of financial resources of the fund, at the time of the signing of the Letter of Commitment between the General Secretariat and the Executing Financial and/or Technical Entity, the total amount of the Common Initiative will be transferred to a specific UNASUR bank account. The funds will be identified and accounted for in an extra-budgetary account called "Account FIC - Projects", which will be administered by the General Secretariat. Each Common Initiative shall constitute a sub-account of the "FIC Account – Projects."

Article 21. Execution Modes of the Common Initiative

21.1 The following are Execution Modes of the Common Initiatives:

a. Mode 1: Single Execution Instance. The Entity selected as financial and technical executing entity must be a public entity of any of the Member States involved in the Common Initiative, or the UNASUR General Secretariat or a Permanent Institutional Instance having such powers.

b. Mode 2: Shared Execution. This mode provides for a Public Entity of any of the Member States participating in the Common Initiative, defined by nomination and based on its technical and operational capacity, to be constituted as Technical Executing Entity. The General Secretariat or a UNASUR Permanent Institutional having such powers are established as the Financial Executing Entity.

c. Mode 3: Execution shared with International Organizations. This mode has a Public Entity of any of the Member States participating in the Common Initiative, defined by nomination and based on its technical and operational capacity, which is established as Technical Executing Entity. An International Organization is established as Financial
Executing Entity. The designation of the International Organization must have the endorsement of the National Authorities on matters of Member States Cooperation where the Common Initiative shall be executed at the time of its initial submission.

**Article 22. Quarterly Technical Progress Report**
22.1 The Executing Entity shall submit quarterly technical progress reports containing a list of activities and results, highlighting its usefulness for beneficiary Member States, and to the UNASUR as a whole. These reports will be submitted to the General Secretariat, which shall forward it to the appropriate Channeling Instances and to the Technical Committee on the FIC.

**Article 23. Quarterly Financial Progress Report**

The Executing Entity must submit quarterly financial progress reports, containing a detailed list of costs of activities, expressed in US dollars or other agreed upon currency. These should be credited with the corresponding vouchers officially certifying that the funds allocated have been used to implement the Common Initiative. They will be submitted to the General Secretariat, which will forward them to the appropriate Channeling Instances and to the FIC Technical Committee.

**Article 24. Final Report**

The final report shall contain the following:

24.1 The final report of the activities undertaken.
24.2 Identification of the contribution of the Common Initiative presented to the process of integration and union in general by the Sectorial Ministerial Council or Working Group that submitted the Common Initiative.
24.3 Experiences derived from the Common Initiative that could be useful for the future development of similar Common Initiatives.
24.4 The final rendering of funds granted to the Common Initiative, with a full cost report accompanied by a copy of all supporting vouchers.

The final report, in its technical and financial sections, shall be signed by the national competent authority and certified by the Pro Tempore Presidency of the Ministerial Sectorial Council or proponent Working Group.

The Executing Technical Entity responsible for the project, considering the need for proper accountability, must retain the originals of all documents necessary for seven years, and certified copies will be included in the final report of the Common Initiative Project to the General Secretariat, through the appropriate Channeling Instance.

**CHAPTER V: TERMINATION BEFORE OR DURING EXECUTION**

**Article 25. Termination of the Common Initiative with a Pre-approved Card without a final Project Submitted**

If 120 days after the General Secretariat has forwarded the information to the Channeling Instance concerning consideration of its Preliminary Card on a Common initiative in the General Budget and the subsequent submission of the final project has
not taken place, said Common Initiative will be considered abandoned and its budgetary resources shall be reallocated following the Order of Priority of the FIC Projects Bank.

Article 26. Termination of Definitive Project without any Commitment Letter
If, within 120 days of the adoption of the Definitive Project by Resolution of the Council of Ministers of Foreign Affairs there is no Letter of Commitment signed by the Technical and / or Financial Authority, the project will be decommissioned and the budgeted resources will be reallocated following the Order of Priority of the FIC Projects Bank.

Article 27. Termination of the Project currently in Execution
27.1 When the Financial and / or Technical Entity of an ongoing Project does not report activities in a year, the General Secretariat, in fulfillment of its role of monitoring implementation, will make the necessary inquiries, after which it will inform the FIC Technical Committee concerning the situation.

27.2 The Technical Committee on matters of FIC shall analyze the particular situation of the project and may, in its advisory role for the Council of Delegates, shall propose cancellation of the Project by resolution of the Council of Ministers of Foreign Affairs.

If the project is canceled, the remaining funds will be transferred to the UNASUR Reserve Fund.

Article 28. General considerations for reallocation
The Preliminary Card to which funds are to be allocated according to the Priority Order of the Bank of Common Initiatives must comply with all the provisions of Article 16 of the Regulation in order to make the presentation of the final project effective. In the absence of Common Initiatives in Order of Priority within the FIC Bank of Projects, such resources will become part of the UNASUR Financial Fund.

CHAPTER VI: FINAL PROVISIONS

Article 29. Term and Repeal
29.1 This Regulation shall take effect as of its approval by the Council of Ministers of Foreign Affairs, at which time the current Regulation is annulled, as approved by Resolution No. 38/2012 dated November 29, 2012.

29.2 The operating mechanism of the Common Initiatives Fund under the present Regulation shall enter into force at the stage set at the time of the call for Preliminary Cards, as of March 31, 2016, in order to execute the line item "UNASUR Common Initiatives" of the General Budget approved for the year 2018.

29.3 The FIC selected projects for the years 2016 and 2017 will be defined on an exceptional basis in the form of single call and fixed amounts of the respective items "UNASUR Common Initiatives". Recommendations regarding the selection of projects in this transitional process will be made to the Council of Delegates by the FIC Technical Committee, with the support of the General Secretariat.
Article 30. Interpretation
Interpretation of these Regulations shall be resolved by the FIC Technical Committee.
Annex 1

FORM FOR SUBMITTING THE PRELIMINARY COMMON INITIATIVE CARD (FICP)

1. Project title (please write a clear and concise summary)

2. Name of the instance(s) responsible for introducing the Initiative

3. ¿Does it have any other Initiative(s) currently being executed or already executed?

4. Selected Execution Mode

   Mode 1

   Mode 2

   Mode 3

6. Financial Executing Entity

   6.1 Technical Executing Entity Data (address)

7. Person Responsible before the FIC (name, email, and contact number)

8. Brief justification and background information

9. Summary description of the project

10. Objective and expected outcomes
11. Estimated duration

12. Approximate budget * Must not include VAT

Attach Excel sheet.

13. Other participating entities (Please indicate contacted entities for participation in the project or those with which preliminary ideas are already in progress)

14. Financial contributions to the Initiative coming from other institutions (Yes or No? If yes, please specify name of the Institution and amount.)

The present application constitutes an affidavit.

..........................................................................................................................
..........................................................................................................................
Place and Date                                                                 Signature of proponent Instance

..........................................................................................................................
..........................................................................................................................
Clarification                                                                 Position
Annex 2

Record Card of the Definitive Common Initiative Project (in Spanish, PICD) of the UNASUR

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<td>I</td>
<td>Project Name</td>
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<td>II</td>
<td>Proponent Ministerial Council</td>
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<td>III</td>
<td>Objectives of the initiative (including goals to attain)</td>
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<td>IV</td>
<td>Total Amount Requested (dollar equivalent)</td>
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<th>Rationale and Project Description</th>
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<td>VI</td>
<td>Initiative Geographic Impact Area</td>
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<tr>
<td>VII</td>
<td>Beneficiaries</td>
</tr>
<tr>
<td>VIII</td>
<td>Start and End Date</td>
</tr>
<tr>
<td>IX</td>
<td>Additional Contributions</td>
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<td>XI</td>
<td>Executing Entity</td>
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<td>XII</td>
<td>Data of Officer who completed the record card PIC-UNASUR</td>
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<td>XIII</td>
<td>Name of Pro Tempore President of the Council</td>
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<td>A</td>
<td>Detailed Budget for the Project</td>
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<td>B</td>
<td>Initiative Execution Timetable</td>
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<td>C</td>
<td>Disbursement Timetable</td>
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COMMITMENT LETTER FOR THE EXECUTION FOR THE UNASUR PROJECT

(Name of project)

On this date, ........................................ present legal instrument is celebrated which is hereinafter referred Execution Commitment Letter, by and between (name of technical executing entity), represented by Mr (name of technical executing entity), acting as (title of the technical executing entity) and legal representative, hereinafter referred to as: “Technical Executing Entity”, establishing its legal domicile in (address of the technical executing entity); and the General Secretariat of the UNASUR, hereinafter referred to as “Financial Executing Entity”, represented by its Secretary General, by express delegation in accordance with article 19, of the Regulation for Execution of the “UNASUR Common Initiatives Fund,” hereinafter referred to as FIC, and in accordance with that provided by Article 10 of the UNASUR Constitutive Treaty and letter b) of Article 40 of the General Regulation, in addition to the UNASUR regulation currently in force and effect. The Financial Executing establishes its legal domicile in ........................................ Quito, Republic of Ecuador. The legal quality of the Technical Executing Entity and the appointment of Mr (name of technical executing entity representative), acting in his/her capacity of (title of the representative of the technical executing entity), as its representative, having been accredited through (number/denomination of the legal appointment/designation action of the technical executing entity representative for the title and date of publication of the action.) and the legal status of the UNASUR Secretary General, as recorded in the oath of office minutes, acting as Financial Executing Entity.

This legal instrument is comprised of the particular clauses as agreed to in this Execution Commitment Letter as well as the following annexes:

-Annex 1: (document accrediting appointment of UEF representative and Secretary General Minutes of Taking Oath of Office)
- Annex 2: Resolution CMRE/RES
- Annex 3: Resolution (number of the Resolution of Foreign Affairs Ministers CMRE/RES Nº 03/2013).
- Annex 4: Execution Timetable
- Annex 5: Disbursements Timetable

(Annex 6: Allocation of financial resources through the name of the technical executing entity.) – when appropriate

The purpose of this Execution Commitment Letter is to forewarn the proper use of the resources and foster effective management and control of project (Project
name), approved by the Council of Ministers of Foreign Affairs by Resolution CMRE/RES Nº (Number of resolution approving the project), which is contained in Annex 3.

CLAUSE ONE Responsibilities

The Technical Executing Entity shall be responsible for the execution of the Project and for preparing the partial and final corresponding reports, (and the financial resources administration and control provided by said entity—when appropriate); likewise, the functions described in article 9 of the FIC Regulation. The Financial Executing Entity will have the control of the financial resources contributed by the FIC, in accordance with the functions described in article 10 of the same Regulation.

(As far as the Project execution tasks and activities and the use of resources by the FIC, these shall be carried out by both Executing Entities, and each one is responsible for the execution of the funds it will contribute to the Project and the corresponding financial report) whenever appropriate.

CLAUSE TWO. Cost of the Project

The total cost of the Project, amounts to US$ (figure value and by Project extension, in United States dollars) dollars. (Out of this amount the resources contributed by the Technical Executing Entity amount to a maximum total of US$……………… United States dollars, while the FIC contributions amount to US$……………United States dollars) – whenever appropriate-

The resources allocated to FIC Project (Project name.) are non-reimbursable contributions.

CLAUSE THREE. Financial Executing Entity

Financial Executing Entity manages only the financial resources provided by the FIC Project, pursuant to Schedule Execution and disbursement schedule in Annexes No. 4 and No. 5, respectively.

CLAUSE FOUR. Eligible and Non-eligible Expenditures

FIC resources may only be used for expenses that are inherent to the project and must be totally verifiable. An inherent expenditure is one that is produced only while the project is being executed.

In the procurement of goods and services for the implementation of an FIC project, companies and organizations headquartered in the States that are Parties to the UNASUR will enjoy preference over those from outside the zone.

Project funds must be used solely for the budgeted items.

CLAUSE FIVE. Disbursement Currency
The Financial Executing Entity shall make the disbursements in compliance with the Execution Schedule and the Disbursement Schedule in US dollars. 
(For its part, the Technical Executing Entity shall disburse funds pertaining to its contribution in…………(please specify currency unit) – it is possible that this be the currency of the technical executing entity’s country -………… (always reporting its equivalent in US Dollar, applying the official exchange rate of the …. Country of the technical executing entity as of the disbursement date- when applicable -

CLAUSE SIX. Disbursement Schedule 

The disbursements pertaining to the FIC contribution will be made by the Financial Executing Entity, in accordance with the execution schedule and the disbursement schedule, contained in Annexes No. 4 and No. 5, respectively. 
(Disbursements pertaining to contribution by ……… (name of responsible country) shall be executed by the Executing Technical Entity, in accordance with the Execution Timetable and the Disbursement Schedule contained in Annexes N°4 and N°5, respectively.) - when applicable –

CLAUSE SEVEN. Amount of Disbursements 

The disbursements pertaining to the FIC contribution shall be in the maximum amount of US$ …………………..(amount of the FIC funds allocated to the Project) dollars of the United States of America and shall be made within the Execution Timetable and the Disbursement Schedule contained in Annexes N°4 and N°5, respectively.

The Technical Executing Entity shall forward, by means of an official communication, the information necessary for Executing Financial Entity to make the disbursements pertaining to the aforementioned resources. The technical evaluation of the fulfillment of the tasks set for project implementation. (even concerning the work of researchers, technicians and experts hired for the execution of project – when applicable), must be carried out by the Technical Executing Entity who is to inform the Financial Executing Entity in order for it to proceed to make the disbursements referred to in this paragraph.

Financial Executing Entity and Technical Executing Entity are administratively and financially exempt from any taxes, fees or other charges where applicable. The expenses generated by international bank transfers shall be borne by the beneficiaries of the project.

CLAUSE EIGHT. Accountability 

The Technical Executing Entity is responsible for collecting and forwarding to the Financial Executing Entity all execution vouchers for the FIC funds, as specified on annex N°4 “Execution Timetable”. The Financial Executing Entity must credit the corresponding payments, as indicated on the Execution and Disbursement Timetables as per Annexes N° 4 and 5.
The projects implemented are open to internal audits in accordance with the national regulations of the Party States in which the project is implemented.

The final report will be available at the General Secretariat for consultation by the UNASUR bodies, the Executing Entities or Sectorial Council that gave rise to the project for a period of seven years after its completion.

**CLAUSE NINE.** Disbursement Modes

Disbursements by the Executing Entity under the Project implementation framework must be made in accordance with the procedures laid down in the respective host country of the Executing Entity.

The accreditation of disbursements will be made to a bank account as determined by the Technical Executing Entity and will be communicated to the Financial Executing Entity.

**CLAUSE TEN.** Cost Variation

If the final value of the project execution is less than the total amount approved, the unused resources will be reinstated to the Common Initiatives Fund.

**CLAUSE ELEVEN.** Exemption of Responsibilities

La Technical Executing Entity shall exempt the Financial Executing Entity from any and all claims arising from actions, omissions or negligence concerning the activities under ………………………………… (co-executing entity) in the development of the Project, contained in the terms of Annex N°4.

The Financial Executing Entity shall exempt the Technical Executing Entity from all claims of liability resulting from actions, omissions or negligence related to activities that fall within the SG-UNASUR in developing the project under the terms of Exhibit 4.

**CLAUSE TWELVE.** Partial Reports

Executing Entities shall issue partial progress reports on the implementation of the Project to the relevant Sectorial Council, in accordance with the provisions of Article 22 and 23 of the Regulations for the Implementation of the UNASUR Common Initiatives Fund, which appears as Annex 2 and is attached to this Commitment Letter. Such reports should include the partial achievements in the physical and financial implementation of the project.
The Executing Entities undertake to provide technical reports and interim financial statements relating to the implementation of the project whenever requested by the General Secretariat or upon request by the UNASUR bodies or by the Sectorial Council that gave rise to the project.

The reports will be reviewed by the executive instance of the competent Sector Sectorial Council, which, should there be any observation, shall hold the appropriate consultations with the Executive Entities.

**CLAUSE THIRTEEN.** Final Reports

At the end of the project, a final report must be produced in accordance with the provisions of Article 24 of the Regulations for the Implementation of the UNASUR Common Initiatives Fund, which appears as Annex 2 and is attached to this Letter of Commitment. This report consists of two parts - a technical report and a financial report - which will be forwarded to the appropriate Sectorial Council. For this purpose both Executing Entities, Technical and Financial, shall properly coordinate in order to finalize the report. The technical report should be sent to the Financial Executing Entity by the Technical Executing Entity no later than 30 days after completion of the project. Meanwhile, the Financial Executing Entity will prepare the financial report, integrating it into the final report and sending it to the competent Sector Council.

The final report, in its technical and financial sections, must be signed by both executing entities and must be sent to the appropriate Sectorial Council, for their information and subsequent submission to the General Secretariat of the UNASUR.

**CLAUSE FOURTEEN.** Project Visibility

In order to promote visibility of the FIC actions, the beneficiaries must identify and include in all of the partial or final products the phrase: "A Project financed by the UNASUR," and must bear the UNASUR logo.

**CLAUSE FIFTEEN.** Term of Commitment Letter

The parties hereby put on record that the validity of this instrument begins on the date of the signature, which will be terminated once the project is completed and once the consolidated final report is submitted by the Executing Entities and once it has been received by the General Secretariat.

**CLAUSE SIXTEEN.** Communications
All communications concerning the management of the project will be conducted electronically at the following addresses: for Executing Financial Institution fic@unasursg.org and for the Technical Executing Entity………………………………………………………

CLAUSE SEVENTEEN  Dispute Settlement

The differences that may arise between the parties concerning the interpretation or application or execution of the provisions of this Letter of Commitment shall be settled through direct negotiations, in the spirit of the provisions of Article 21 of the Treaty of the UNASUR.

If the dispute raised by either party has not been settled within a reasonable time, it may be submitted for the consideration of the Council of Delegates, which may make such recommendations as it deems necessary to facilitate an understanding between the parties.

Upon failure to overcome the differences, the parties may by mutual agreement submit their differences to the alternative procedures of mediation and arbitration.

IN WITNESS WHEREOF, the (technical executing entity), with Mr (name of authority representing the technical executing entity), acting as its authorized representative and the UNASUR General Secretariat, through Mr ……………………., UNASUR Secretary General, hereby sign the present instrument in two (2) separate copies of identical content in the following languages: (Spanish, English, Portuguese, and Dutch.), signed in the City of …………………on this … day (date of execution of the commitment letter).

The UNASUR General Secretariat shall be the custodian of the original document and shall forward an authenticated copy to the Project Executing Entities.
Annex 4

TIEMPOS PARA LA APROBACIÓN DE LAS INICIATIVAS COMUNES DE UNASUR

EJECUCIÓN, SEGUIMIENTO Y EVALUACIÓN DE LAS INICIATIVAS COMUNES DE UNASUR